



GSA Public Buildings Service



STATE OF THE
FY2011

PORTFOLIO ★

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COMMISSIONER'S MESSAGE

ROBERT A. PECK

This annual report on the state of the GSA Public Buildings Service's real estate portfolio should once again make all who read it proud. It is a professional, honest, and unembellished assessment of the state of the inventory. This end of year snapshot reveals where accomplishments were achieved and where challenges remain. This assessment shows PBS is a high-performing organization committed to being wise stewards of federal real estate investments and to providing the best possible service to our federal agency clients, external stakeholders, and the American taxpayer.

In a year of unprecedented budget challenges, FY 2011 was a success story. We highlight these PBS accomplishments:

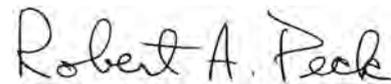
- We reduced our energy consumption by 18.86 percent, slightly better than our target of 18 percent.
- We exceeded our Funds from Operations (FFO) target in government-owned space by completing projects on time and within budget—thereby ensuring timely collection of revenues—and by judiciously cutting operating expenses. However, it is concerning that we have not been authorized to spend the FFO we earned on critical capital repairs and upgrades to our government-owned portfolio, which has a replacement value of approximately \$69 billion.
- We continued to optimize the portfolio by disposing of unneeded properties to reduce operating costs and our environmental footprint.
- We completed three strategic Client Portfolio Plans—and began initiating several others—that will enable our agency partners to reduce their economic and environmental footprints.
- We piloted mobile workplace labs at PBS headquarters and in GSA regional offices that will help position PBS as the recognized leader in transforming the federal work environment for the 21st century.

Our most significant portfolio challenge in future years is to continue working with our clients to reduce real estate space needs, which reflects this age of the mobile workforce and the flexible workplace.

Our overall portfolio goal is to maximize use of the government-owned inventory while reducing the GSA-managed real estate footprint overall. A related federal challenge is to find ways to finance the large investments that will be required to retrofit our inventory with the infrastructure, information technology and furniture that supports a mobile workplace and produces long-term savings.

Looking toward the future of our still-sizeable leased inventory, we are continuing to reform our procedures to make our lease acquisitions run more quickly, more efficiently and more nimbly, thereby further reducing lease holdovers and maximizing the government's leverage in the marketplace as a premier credit tenant.

I think you will find many insights and lessons-learned in the 2011 State of the Portfolio. This report helps remind us each year that, though we are performing well, we must continually improve our outcomes and the services we offer clients and the American people. I thank the entire PBS staff for their efforts that have brought about the results highlighted here—results only possible because of their energy, hard work, and continued commitment to excellence.



Robert A. Peck, *PBS Commissioner*

The Public Buildings Service (PBS) is one of the largest and most diversified public real estate organizations in the world. Its portfolio consists of 374.6 million rentable square feet (rsf) in 9,683¹ assets across the United States, in all 50 states, 6 U.S. territories, and the District of Columbia. PBS manages its inventory via 11 regional offices and the Central Office, located in Washington, DC. The majority of its space is concentrated in large commercial markets such as Atlanta, Chicago, Denver, Los Angeles, New York, and Washington, DC, and includes space such as office buildings, courthouses, land ports of entry, warehouses, laboratories, childcare facilities, and parking structures. Within the PBS portfolio, properties are either under the full custody and control of GSA (federally owned) or leased from the private sector. Since FY 2008, the leased inventory has experienced faster growth than the owned inventory, and now comprises over 50 percent of PBS' total inventory, in terms of rsf.

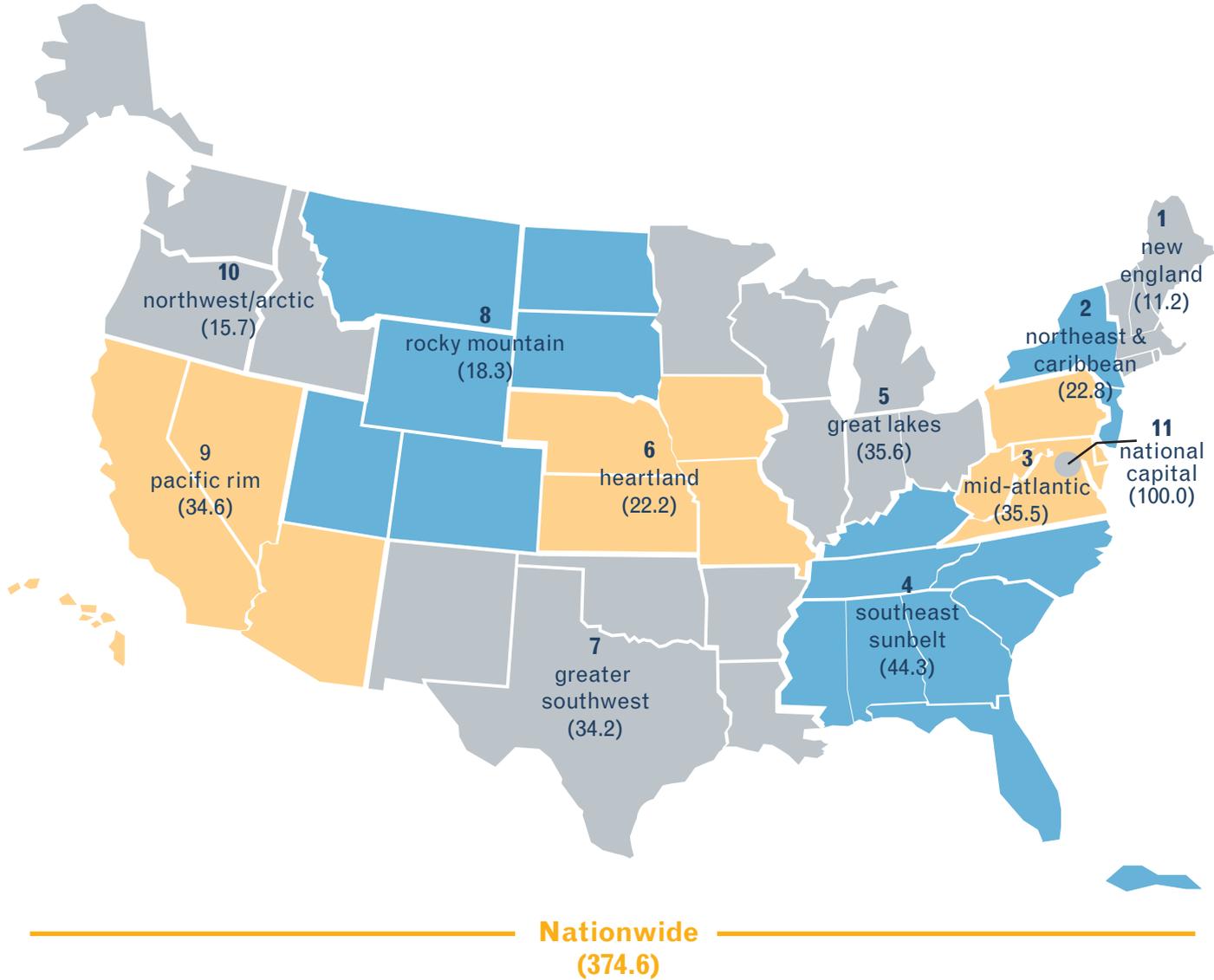


Frank M. Johnson Annex, Montgomery, AL

¹The number represents active assets for which GSA has real estate responsibility

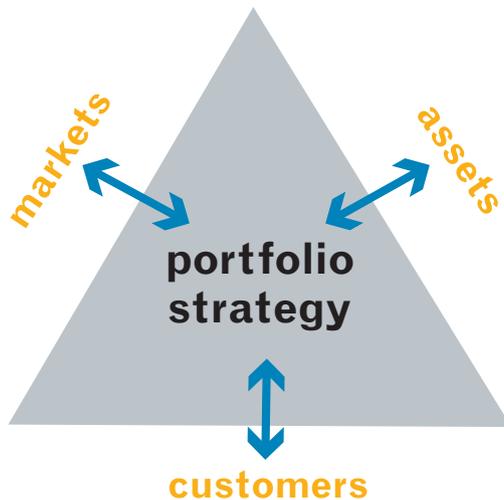
RENTABLE SQUARE FOOTAGE BY REGION

in millions (see Regional Fact Sheets)



PORTFOLIO STRATEGY

PBS' goal is to create and maintain a self-sustaining portfolio of assets that meets the long-term needs of its Federal customers. To achieve this, PBS' portfolio strategy, which underlies all of its business decisions, targets reinvestment funds based on customer needs, market conditions, and asset characteristics. Understanding these indicators is essential in improving the state of the portfolio, so PBS uses measures for operations, maintenance, space consumption, energy, and sustainability to track and enhance its assets.



CUSTOMERS

Partnering with customers is an integral part of the PBS business strategy. To provide workplace solutions that meet customer requirements, PBS works diligently to understand its customers' missions, housing profiles, security needs, and space trends. Given current fiscal realities throughout the Federal government, PBS has begun to proactively partner with its customers to make more efficient use of space and strive toward creating the workplace of the future, which will aid those customers in meeting economic and environmental goals. PBS also measures customer satisfaction to ensure that it is providing a cost effective solution to federal agencies and the American taxpayer.

MARKETS

Market analyses help PBS understand the implications of federal ownership versus leasing, and the position of PBS assets in their markets. PBS conducts appraisals for its owned inventory to track the market value and rental market position of its assets. Appraisals and market analyses are the basis for financial measures, and establish the commercially equivalent rental rates that tenant agencies pay via the Fair Annual Rent program. Appraisals serve as a measure of federal equity, and provide valuable

information for analyzing the leasing environment and market trends in a given market. These analyses allow PBS to identify potential purchase opportunities and market conditions in which to secure financially favorable leases.

ASSETS

On a monthly basis, PBS tracks key financial indicators such as revenue, funds from operations (FFO), net operating income (NOI), and return on equity (ROE) to evaluate the state of each asset. This monthly financial analysis allows PBS to implement better asset management strategies. Since occupancy of assets directly affects the Federal Buildings Fund (FBF) revenue, PBS measures vacancy for both its owned and leased inventories. Monitoring and minimizing vacancy rates improves the health of the FBF, and ensures that PBS is utilizing its portfolio efficiently. In addition to financial performance, PBS also monitors the physical condition of its assets closely by assessing major building systems and components for its portfolio over the course of two years via physical condition surveys (PCS), which are used to develop long-term asset management and reinvestment strategies. PBS also considers and weighs sustainability principles and other strategic asset characteristics, such as energy efficiency and historic designation, in an effort to target reinvestment funds to core assets.

ACCOMPLISHMENTS

In FY 2011, PBS continued to focus on fulfilling its daily mission to provide superior workplaces for its customer agencies. PBS improved portfolio performance and continued to demonstrate results in the areas of utilization, disposal, and operations and maintenance. In FY 2011, PBS tempered the growth in the use of leased space, maintained vacancy rates below the market, and reduced its R&A liabilities by approximately half a billion dollars.

PBS strengthened its portfolio by awarding disposition of 52 assets that no longer met its customer needs, thereby reducing its inventory by 3.3 million rsf and its reinvestment liability by \$35.8 million. These disposal efforts also resulted in receipts of almost \$17.5 million that were returned to the FBF this fiscal year.

In addition to its core responsibilities, PBS continued to work on incorporating sustainability practices into business practices. PBS reduced its energy consumption by 18.86 percent this year over its 2003 baseline and reduced its water consumption by 13.27 percent over the 2007 baseline. PBS also serves as a leader in the use of innovative office solutions. Through the use of telework, desk sharing, mobile devices, and cloud applications, PBS is pioneering the federal government's transition to greater mobility and collaboration in the workplace.



On June 10, 2010, President Barack Obama issued a Presidential Memorandum entitled *Disposing of Unneeded Federal Real Estate* to all executive branch agencies, with the aim of saving \$3 billion in real property costs government-wide by the end of FY2012. The federal government is the nation's largest real property owner and energy consumer, and President Obama felt that it manages more real estate than necessary to effectively support the programs and missions it executes.

Subsequent to the June 2010 Presidential Memorandum, the Office of Management and Budget (OMB) issued a Management Procedures Memorandum which outlined ways in which these real property cost savings should be accomplished. Executive branch agencies were instructed to accelerate cycle times for identifying and disposing of underutilized assets, terminate leases that are not cost-effective, pursue consolidation opportunities within and across agencies, increase occupancy rates in mission-critical facilities through innovative space management approaches, and identify offsetting inventory reductions when new space is acquired.

President Obama's desire to cut real estate costs across government clearly placed the GSA in a position to lead with its expertise. Over the last decade, the Public Buildings Service (PBS) has successfully implemented a Portfolio Restructuring initiative aimed at "right-sizing"

its real estate portfolio. Through metrics that analyzed customer demand, market conditions, as well as asset financial performance and physical condition, this initiative resulted in the disposal of over 300 GSA owned assets since FY 2003 that assets were no longer meeting customer needs, thereby decreasing the government's footprint substantially. These disposals have allowed PBS to reduce its annual operating costs and future reinvestment needs, and since FY2005, have generated approximately \$224 million in sales proceeds for the Federal Buildings Fund (FBF).

Furthermore, GSA is utilizing funding provided by the American Recovery and Reinvestment Act (Recovery Act) in order to meet long term customer space requirements in federally owned space. Courthouse projects in Bakersfield, California, Billings, Montana, and Yuma, Arizona along with an FBI vehicle maintenance facility in Detroit,

Michigan, were originally designed to be met through leased solutions because of limited capital funding. GSA used the Recovery Act opportunity to fulfill these space needs via federal construction resulting in approximately \$118 million in savings to the American taxpayers.

In addition to capitalizing on the aforementioned portfolio optimization opportunities, and promoting a space-efficient and sustainable organization, GSA has a history of leadership in telework that continues through its partnership with the Office of Personnel Management (OPM) and the creation of a Telework Program Management Office (PMO). The agency's commitment to mobility was recently codified by a new policy that made nearly every GSA employee eligible for telework, and explicitly defined some of our new ways to work, such as hoteling and desk sharing. The successful implementation of innovative space management initiatives has allowed GSA to utilize its own space more effectively, and model that efficient space usage to its customers.

Acting as a trusted advisor, GSA has leveraged its expertise to help customers make more efficient space management decisions and adapt innovative collaboration tools, which will help to reduce real property costs and lessen the government's carbon footprint. As a government-wide leader in telework, GSA has proactively worked with its customers to provide guidance on their own telework programs, contributing to cost savings goals resulting from the

Presidential Memorandum. In our own real estate portfolio, GSA strives to make more efficient use of core assets taking advantage of mobility to improve utilization, such as the case at agency headquarters in Washington, where PBS and FAS will be consolidated in the near future.

GSA has also begun to partner with its customer agencies through an initiative known as Client Portfolio Planning (CPP), which will help customers realize efficiencies that can lead to savings. The overarching goal of the CPP program is to identify, analyze and report current, ongoing and potential portfolio optimization opportunities for our customers. These opportunities will reduce the federal government's economic and environmental footprints, while agency missions continue to be fully supported by GSA. Supplementing the CPP program, GSA's Workspace Delivery Program is positioned to offer solutions that decrease square footage requirements, create alternate space solutions and address growth.

GSA is working diligently to ensure that we meet the requirements of the June 2010 Presidential Memorandum by continuing to target underutilized assets for disposal, taking advantage of market opportunities and identifying other operational savings. Through its government-wide leadership in telework, innovative space management approaches and other ongoing initiatives like Client Portfolio Planning, GSA plays an essential role in helping customers meet their own cost savings goals and contribute to Administration objectives.



CUSTOMERS

Customers are one of the key components of the portfolio. It is vital that PBS collaborates with its customer agencies to develop strategies and approaches that leverage limited federal resources while delivering quality workplace solutions. The Department of Justice (DOJ), Department of Homeland Security (DHS), the Judiciary, and the Department of Treasury (Treasury) are PBS' four largest customers, accounting for almost half of the inventory based on both billed rentable square feet (rsf) and rent.

OWNED SPACE

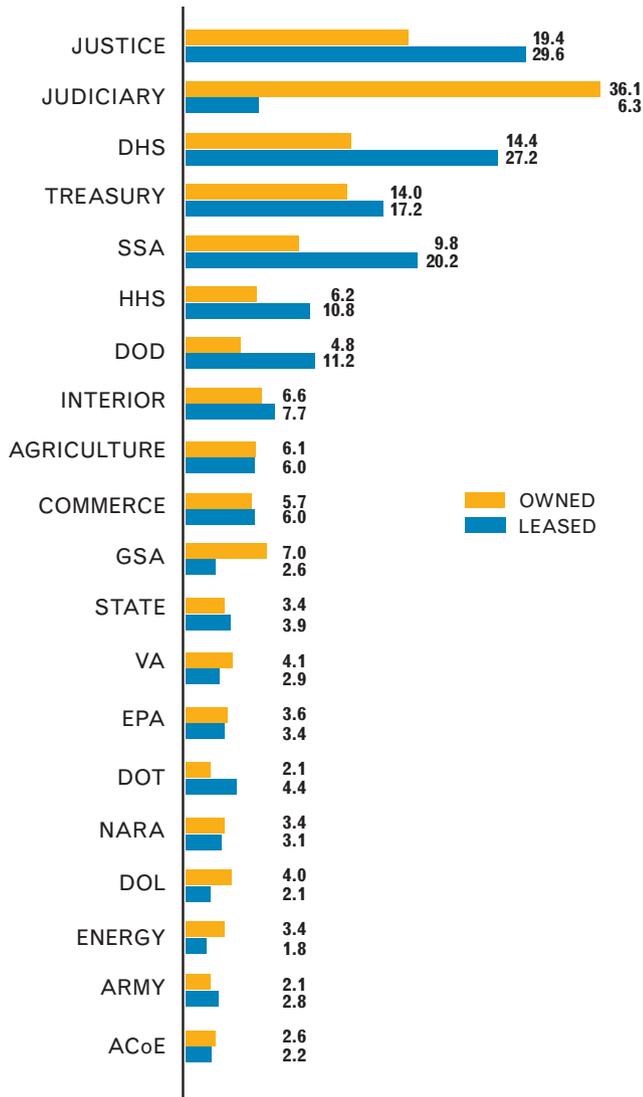
The four largest customers in the PBS owned inventory based on billing – the Judiciary, DOJ, DHS, and Treasury – comprise about 50 percent of its rsf and annual rent. The Judiciary has the strongest presence in the owned inventory, due mainly to its distinct functional requirements such as circulation, courtrooms, and enhanced security. In addition, there is an inability in the market to provide this type of specialized space at a value to the American taxpayer. Due to the nature of the federal government, the owned inventory is generally a better long-term housing solution for most federal tenants and provides cost savings over time. To that end, in FY 2011, several projects that were originally planned as lease construction were converted to federally owned solutions, like the FBI project in Detroit, Michigan and the Billings, Montana Courthouse. In total, the owned portfolio grew by approximately 1.8% over the last fiscal year, as new Federal construction projects came on-line, including the U.S. Courthouses in Buffalo, New York, Jefferson City, Missouri and Tuscaloosa, Alabama.

LEASED SPACE

The four largest customers in the PBS leased inventory are DOJ, DHS, the Social Security Administration (SSA), and Treasury. Mission-related flexibility, short-term needs, and market conditions sometimes make leasing a better housing solution.

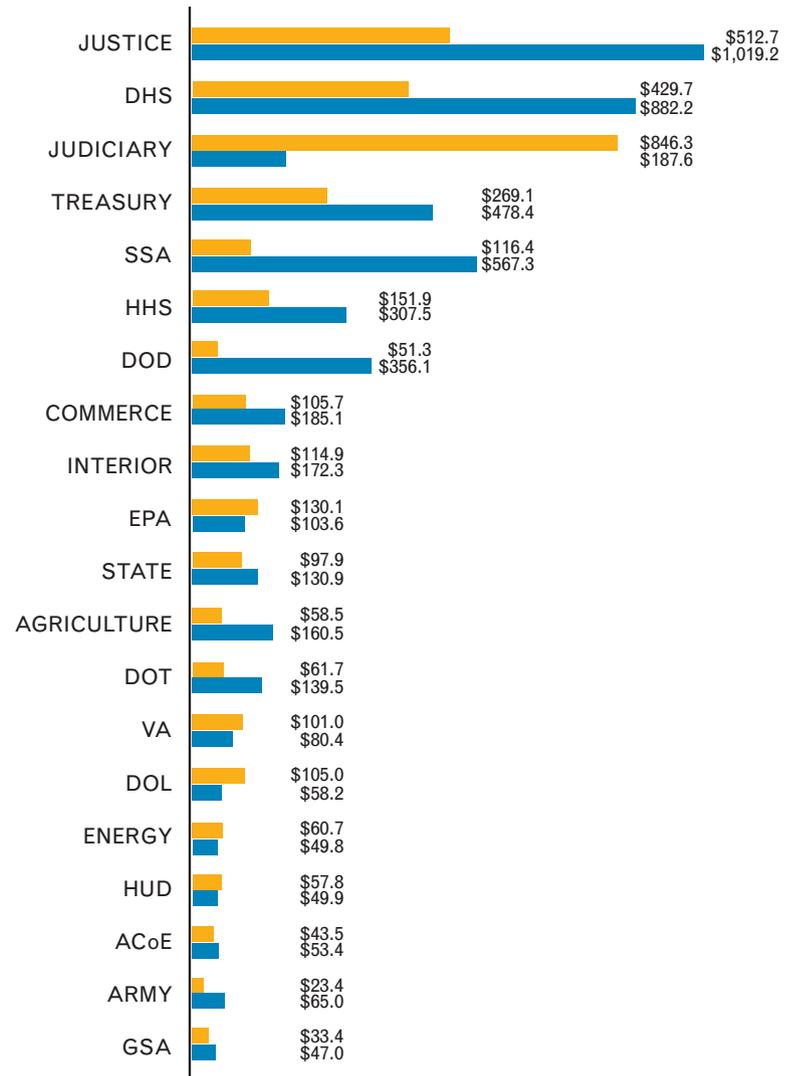
TOP CUSTOMERS BY TOTAL RSF*

in millions



TOP CUSTOMERS BY TOTAL ANNUAL RENT*

\$ in millions



* Source: BIS Report as of 09/30/2011



CUSTOMERS

SSA is PBS' fifth largest tenant and has a stronger presence in the leased inventory because of their mission; SSA maintains offices in small markets where owned assets are not always available and federal construction is often not viable. SSA also requires more flexibility because of changing demographics.

Over the last year, PBS' leased portfolio grew by approximately 0.7%, which is significantly less than the growth rates realized in recent years. The smaller growth rates are primarily attributable to two issues. First, PBS terminated several short-term leases on behalf of the Department of Commerce that were used in support of the 2010 U.S. Census. More importantly, PBS is proactively working with its customers to identify housing solutions that decrease square footage requirements, create alternative space solutions and address growth. Moving forward, PBS will continue to analyze ways to manage leased growth effectively.



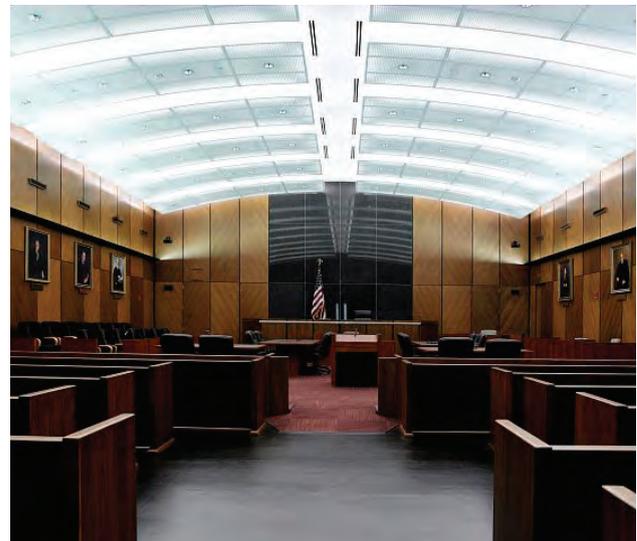
Richard Bolling Federal Building, Kansas City, MO

Opposite: Buffalo Federal Courthouse, Buffalo, NY



KEY MARKETS

PBS' owned and leased assets are located in more than 750 market areas. These areas include major cities across all 50 United States, 6 U.S. territories, and the District of Columbia (DC). In addition to maintaining space in metropolitan areas, PBS houses customers in small rural areas across all regions. Understanding real estate market dynamics is essential to negotiating lease rates, determining and tracking asset value, and comparing operating costs to industry benchmarks. Of the more than 750 markets in which PBS owns or leases buildings, the top 15 markets represent more than 60 percent of the total rsf in the inventory. The Washington, DC area alone makes up over one quarter of the square footage in the PBS portfolio. Since Washington, DC is a large market in terms of square footage, it also has an enormous impact on PBS' financial performance. Year after year, Washington, DC is PBS' largest producer of direct revenue and FFO. New York City is PBS' second largest market and the second highest producer of direct revenue and FFO.



Byron G Rogers Federal Building and Courthouse, Denver, CO

TOP 15 KEY MARKETS BY TOTAL RSF

CORE BUSINESS STATISTICAL AREAS (CBSAs)	RSF <i>in millions</i>		# OF ASSETS		FFO <i>\$ in millions</i>		DIRECT REVENUE <i>\$ in millions</i>	
	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED
WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV	42.3	59	196	615	520.6	(22.9)	939.1	2,065.7
NEW YORK-NORTHERN NEW JERSEY-LONG ISLAND, NY-NJ-PA	10.2	7.0	22	244	176.6	(6.1)	379.5	317.1
KANSAS CITY, MO-KS	4.1	6.4	17	68	8.2	(1.6)	42	112.2
ATLANTA-SANDY SPRINGS-MARIETTA, GA	5.0	4.7	13	107	43.9	2.2	90.5	97.6
BALTIMORE-TOWSON, MD	5.9	3.8	19	84	38.7	(0.2)	71.2	74.7
DENVER-AURORA-BROOMFIELD, CO	5.5	3.6	51	95	36.3	(8.4)	78.6	97.0
CHICAGO-JOLIET-NAPERVILLE, IL-IN-WI	5.8	3.3	28	152	58.2	(5.5)	129.8	116.6
PHILADELPHIA-CAMDEN-WILMINGTON, PA-NJ-DE-MD	3.6	5.4	10	122	25.0	(1.5)	61.8	129.2
LOS ANGELES-LONG BEACH-SANTA ANA, CA	5.7	3.2	17	170	85.8	(1.0)	138.5	109.7
DALLAS-FORT WORTH-ARLINGTON, TX	3.7	3.8	24	112	23.5	(2.2)	48.3	89.6
SAN FRANCISCO-OAKLAND-FREMONT, CA	5.0	2.3	36	96	50.3	1.6	111.9	86.0
ST. LOUIS, MO-IL	5.7	1.2	32	52	23.2	(1.2)	59.6	23.9
SEATTLE-TACOMA-BELLEVUE, WA	4.2	2.2	25	100	40.8	(4.6)	65.7	71.3
BOSTON-CAMBRIDGE-QUINCY, MA-NH	3.6	1.7	9	96	61.2	0.0	99.2	54.2
MIAMI-FORT LAUDERDALE-POMPANO BEACH, FL	1.8	3.0	9	138	21.4	0.5	39.1	107.3
TOP 15 TOTAL	112.2	110.5	508	2,251	\$1,213.5	\$(50.9)	\$2,354.6	\$3,552.0

Source: REXUS & InfoWizard as of 09/30/2011

★ ASSETS

The composition of the PBS inventory is driven primarily by customer need. PBS' inventory system, Real Estate across the United States (REXUS), is used to track customer space assignments and the status of its properties. The primary focus of the State of the Portfolio report is on active assets where PBS has real estate responsibility, meaning PBS can assign space. These assets comprise the majority of our portfolio.



E. Ross Adair Federal Building and Courthouse, Ft. Wayne, IN

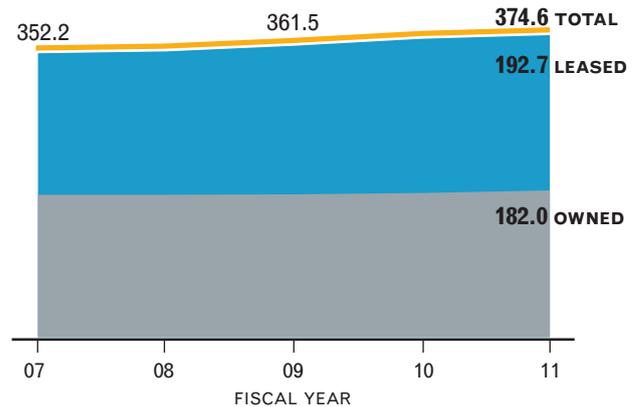
FEDERAL INVENTORY TRENDS

Each year PBS tracks and analyzes specific portfolio trends. These trends help PBS to determine long-term asset plans and strategic portfolio goals. While each asset plays a part in shaping the portfolio, it is the whole of the portfolio that allows PBS to support its mission. During FY 2011, the PBS portfolio continued to grow in terms of rsf, however, the number of GSA owned assets decreased. Overall, the portfolio grew by 1.2% in FY 2011, with the leased portfolio growing 0.7% and the owned portfolio growing 1.8%.

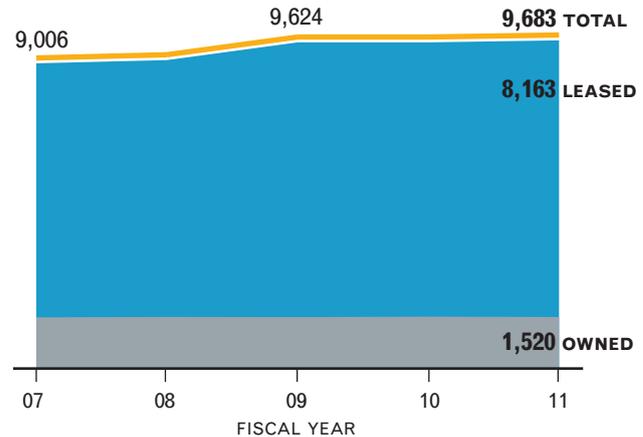
The changes in the owned inventory result from a combination of factors, including new projects coming online and projects associated with the Recovery Act, disposition of assets, classification of portfolio leases as part of the owned inventory as well as an inventory data cleanup effort initiated by PBS in FY 2010 with its new inventory system, REXUS. PBS has slowed the growth of the leased inventory significantly this year from 3.8% last fiscal year to just a small growth of 0.7%. The growth rate in FY 2011 was tempered somewhat by the termination of several short-term leases on behalf of the U.S. Census and a conscious effort towards greater efficiencies in the leasing program. PBS will continue to work with its customers towards decreasing the government's reliance on costly leased space.

RENTABLE SQUARE FOOTAGE*

in millions



NUMBER OF ASSIGNABLE ASSETS*



* Source: REXUS as of 09/30/2011

NOTE: The number represents assets for which GSA has real estate responsibility.



FEDERAL INVENTORY CHANGES

COMPLETED NEW CONSTRUCTION

PBS completed several projects in FY 2011, which added approximately 1 million gsf to the PBS inventory and consisted of 4 courthouses and two land ports of entry (LPOE) to protect our nation's borders. These state-of-the-art facilities incorporate energy efficiency and advanced design protocols. One of the courthouses completed was the Christopher S. "Kit" Bond U.S. Courthouse in Jefferson City, Missouri. With a classic curved façade, this courthouse will create a public square in the downtown area and offer the occupants a view of the river and the capital. The courthouse will be the new home of the Eight Circuit Court in Missouri.

MAJOR REPAIR & ALTERATIONS

Renovations are an essential part of PBS business because they address the gradual deterioration of the inventory and are crucial in sustaining the life of the current inventory. Repair and alterations (R&A) projects address building systems, hazardous material abatements, and security issues, while incorporating updated and new technologies into existing assets. With the help of the Recovery Act, PBS was able to focus on an unprecedented portion of R&A work needed to retrofit some of its assets. During FY 2011, PBS completed 29

REGION	NEW CONSTRUCTION	GSF
2	BUFFALO, NEW YORK U.S. COURTHOUSE	284,617
4	JACKSON, MISSISSIPPI U.S. COURTHOUSE	407,767
4	TUSCALOOSA, ALABAMA FEDERAL BUILDING & U.S. COURTHOUSE	114,636
6	JEFFERSON CITY, MISSOURI U.S. COURTHOUSE	117,522
7	MARIPOSA LPOE	99,955
10	PEACE ARCH LPOE	79,264

Source: ePM/Cognos/PIP Report & REXUS as of 09/30/2011



U.S. Courthouse and Post Office, Sioux City, IA

major R&A projects totaling 11.7 million rsf. Strategic decisions related to the renovation of assets can provide sustainable housing solutions and a new lifecycle for each asset. Even with the onetime funding provided for some of its assets by the Recovery Act, PBS will continue to be challenged with limited R&A funding in the coming years.

DISPOSAL

The goal of PBS' portfolio strategy is to maintain a robust portfolio of assets by investing in those that satisfy long-term customer needs, are located in strong markets, and perform well financially. Property

disposal is a beneficial option when PBS determines an asset no longer meets the long-term needs of its Federal customers. Some assets are auctioned at public sale, transferred through public benefit conveyance, exchanged, or demolished. When Federal assets are sold, the proceeds, which are not always received in the same fiscal year, are returned to the FBF and can then be made available for reinvestment in core assets. Disposing of an asset allows PBS to realize financial benefits and avoid future costs. In FY 2011, PBS disposed of 52 assets, generating close to \$17.5 million in sales proceeds and avoiding \$35.8 million in future reinvestment needs.

MAJOR R&A	FY07	FY08	FY09	FY10	FY11
# OF PROJECTS	20	21	15	18	29
RSF <i>in millions</i>	6.8	3.5	4.2	4.5	11.7
COST <i>\$ in millions</i>	534.4	395.2	383.3	406.2	1,016.8

Source: ePM/Cognos/PIP Report & REXUS as of 09/30/2011

Note: Includes projects funded through the Recovery Act

DISPOSAL RESULTS	FY07	FY08	FY09	FY10	FY11
# OF DISPOSALS AWARDED	38	20	68	36	52
RSF <i>in millions</i>	3.2	0.8	2.0	1.1	3.3
LIABILITY AVOIDED <i>\$ in millions</i>	84.2	32.0	65.3	19.9	35.8
PROCEEDS <i>\$ in millions</i>	88.2	56.3	1.7	23.6	17.5

Notes: 1. Data is as of Redinet 09/30/2011

2. Information reflects continuous data accuracy efforts in FY 2011

3. Disposition awarded year may or may not correspond to the fiscal year in which proceeds were received.

4. Liabilities avoided calculated using historic and current data from the Physical Condition Surveys (PCS)



FINANCIAL RESULTS

PBS tracks several indicators that are used by private sector real estate organizations to determine financial performance, such as direct revenue and FFO. Direct revenue is what PBS collects from its customers, primarily in the form of rent, to fund operations and maintenance expenses, and rental of space costs. FFO is derived by calculating the amount of revenue remaining after deducting all direct and indirect expenses (excluding depreciation) associated with operating an asset, and provides the FBF with contributions to capital towards future investments in renovations, repairs, and new construction.

In FY 2011, direct revenue increased 2.8 percent over FY 2010. This revenue increase was driven by several factors, including growth in the size of PBS' portfolio, as well as a mild recovery in commercial real estate markets across the U.S., as evidenced by increasing rental rates.

Despite the negative FFO of \$75.4 million in the leased portfolio, FFO increased for PBS as a whole, including both owned and leased space, by 2.7 percent in FY 2011. This was largely attributed to increasing rental rates, timely collection of revenue, and judicious management of operating costs.

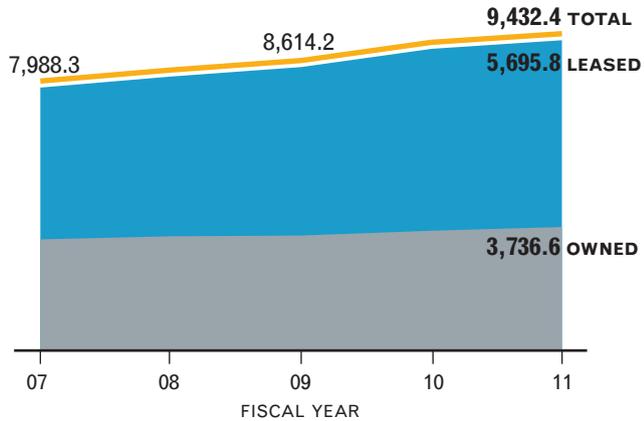
PBS' goal for the leased inventory is to break even in terms of FFO, and unfortunately, we were not able to do that in FY 2011. However, it should be noted that fifty-seven percent of the loss in leased inventory is attributable to the accounting treatment of step rents, free rents, and broker commission credits, in accordance with financial statement reporting requirements. PBS records a leveled rent across the entire lease term instead of actual expenses incurred. This accounting practice affects PBS' financial statements because the amount recorded could be larger or smaller than what is actually incurred for any given year.

After eliminating the impact of accounting adjustments, as described above and excluding Recovery Act transactions, there remains a FFO loss of \$18.5 million in the leased portfolio during FY 2011, significantly less than the adjusted negative FFO of \$75.4 million. PBS is focused on revenue and expense items that are within its control, making the unadjusted FFO of negative \$18.5 million a more meaningful measure of lease profitability.

It is important to note that while the leased portfolio as a whole generated negative FFO in FY 2011, the majority of

DIRECT REVENUE*

\$ in millions

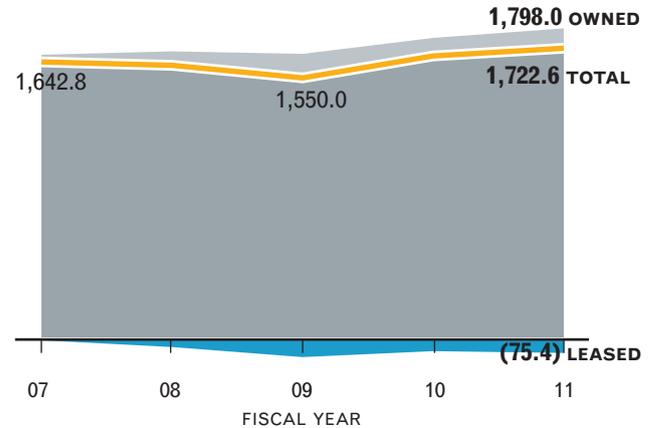


*Source: InfoWizard FBF11 model & REXUS as of 09/30/2011

individual leased assets within the portfolio were profitable. Of the leased assets generating negative FFO, many realized relatively small losses caused primarily by overhead expenses in excess of PBS Fee revenue. Nonetheless, there remains a small handful of leased assets generating high magnitude losses that drive the results for the leased portfolio as a whole.

FUNDS FROM OPERATIONS*

\$ in millions



*Source: InfoWizard FBF11 model & REXUS as of 09/30/2011

In order to address those losses, a cross-functional team of associates from across PBS was formed to analyze lease performance monthly and report on results. While improving lease performance is a work in progress, the team has made great strides in communicating the importance of lease profitability throughout PBS and identifying some of the systemic issues affecting the leased portfolio, which should serve to improve results in the near future.



PORTFOLIO PERFORMANCE

VACANCY

One important measure of portfolio performance is vacant space. PBS tracks the amount of vacant space in its owned and leased inventories monthly. In FY 2011, vacant space in the PBS inventory increased to 5.0 percent. Even though PBS vacancy increased, it continues to remain well below the private sector where vacancy grew to 17.5 percent. When agency needs change and they release space, vacancy increases until it is backfilled or released from the PBS inventory. Lack of funding to make upgrades to space to assist in marketing it to prospective tenants can prolong the time

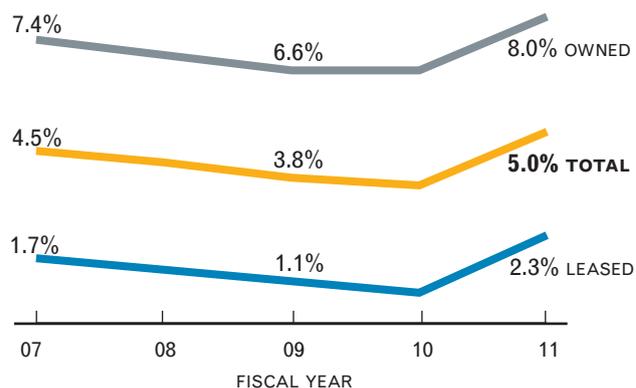
the space remains vacant. It is anticipated that with the Presidential memorandum directing agencies to shrink the federal footprint vacancy figures could increase in future years.

OWNED TIERING

Annually, PBS categorizes, or tiers, its owned inventory based upon a series of diagnostics that evaluate the financial performance and physical condition of individual assets. Assets where NOI does not cover 2 percent of their functional replacement value (FRV) fall into Tier 3. Tier 3 assets are considered non-performing because they do not cover their operating expenses and minimal

VACANCY RATES*

% of rsf



* Source: Vacant Space Report 09/2011

reinvestment requirements. Assets that do not meet a minimum hurdle rate of 6 percent ROE are considered under-performing² assets (Tier 2b). Tier 2a assets are good financial performers that cover their operating costs and meet the 6 percent hurdle rate, but have reinvestment needs that exceed 10 percent of the replacement cost of the asset. Tier 1 assets are solid financial performers in good condition.

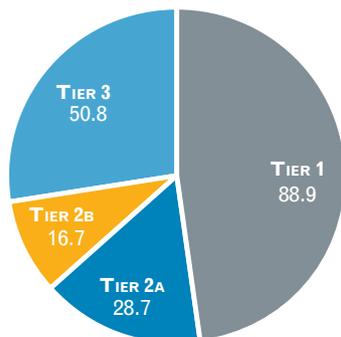
According to the FY 2012 tiering report completed at the end of FY 2011, a majority of PBS' assets are good financial performers; however, they have high capital reinvestment needs. PBS national and regional offices are working together to develop strategies that leverage the limited federal funding to alleviate some of the reinvestment need and subsequently shift assets into Tier 1 status.

TIERING CATEGORIES**

	TIER	CONDITIONS
PERFORM	1	Solid financial performance: satisfies long-term customer needs. FCI<0.1; ROE>6%; (NOI-2%FRV)>0
	2A	Good financial performance: large capital reinvestment required. FCI>0.1; ROE>6%; (NOI-2%FRV)>0
UNDER-PERFORM	2B	Poor financial performance: ROE<6%; (NOI-2%FRV)>0
NON-PERFORM	3	Poor financial performance: assets w/ negative cash flow. (NOI-2%FRV)<0

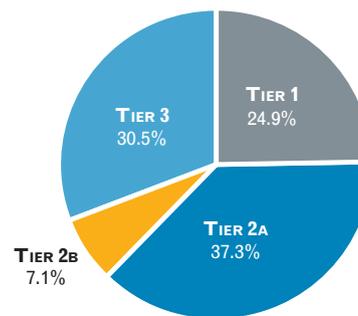
RSF BY TIER*

in millions



REINVESTMENT NEEDS BY TIER*

% of assets



* Source: PCS and FY 2012 Tiering Report using REXUS data as of 09/30/2011

² The term "under-performing" or "non-performing" used by GSA is not synonymous with the Federal Real Property Council's (FRPC) definition of under-utilized assets.



ASSETS

OWNED CORE ASSETS

In addition to tiering, PBS annually conducts a core asset analysis on its entire owned inventory. The core asset analysis quantifies the facets of the PBS portfolio strategy: customer demand, market viability, and asset considerations. Through a series of five tests and a validation process, PBS evaluates every owned asset on all three components of the PBS portfolio strategy to determine holding periods and consequently define what is core to the PBS inventory.

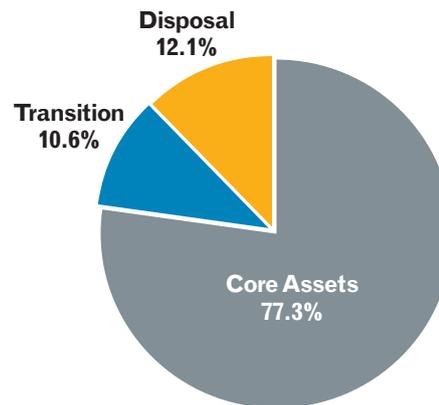
The first two tests address the customer demand in the market. By analyzing the stability of the customer base and the backfill potential in the surrounding market, PBS makes a determination of the customer demands for that asset. The third test evaluates the ability of the market rent to support the reinvestment needs. Tests four and five evaluate reinvestment levels and whether planned reinvestment prolongs the life of the asset.

The core asset analysis also has a mechanism to account for non-quantifiable characteristics. Assets that do not pass the tests can be validated using the asset justification method. Asset managers answer a series of questions which substantiate the need to retain a particular asset as core, despite the results of the five tests.

Core assets have a long-term holding period, a solid customer base, are located in a viable real estate market, and have sustainable reinvestment needs. Assets that do not

CORE ASSETS*

% of assets



* Source: Asset Business Plan report 4th Quarter 2011

Note: Data includes assets with "Active" and "Excess" status. Assets may or may not have GSA Real Estate Responsibility (Responsibility Code 1)

meet this description fall into one of two categories: transition or disposal. Assets are categorized as transition if the future need of the asset is uncertain. PBS will fund projects that meet basic needs in transition, but will avoid any major reinvestment until it is determined to be core. An asset falls into the disposal category if PBS plans to dispose of it within five years. Once accepted into the disposal program, they will appropriately be assigned "excess" status in REXUS. Disposals typically receive no reinvestment other than what is necessary to maintain day-to-day operations and address asset envelope deficiencies.

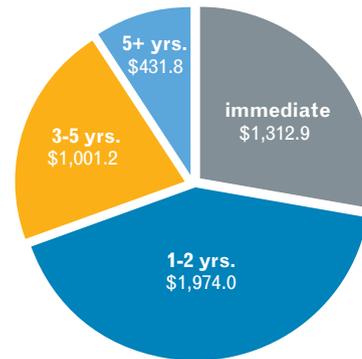
OWNED REINVESTMENT NEEDS VERSUS AVAILABLE FUNDING

PBS assesses its reinvestment needs by performing PCS assessments over a two-year period. PBS associates physically inspect each asset to evaluate the current condition and repair needs of major building components and systems. The PCS value represents the repair or replacement cost of the asset's shell and infrastructure. Reinvestment needs are categorized as being an immediate need, needed in 1 to 2 years, 3 to 5 years, and more than 5 years. This tool provides more detailed assessments; segments needs into the affected portions of the asset, and provides a more sophisticated method of determining R&A liability. However, even with tools and methodologies, available R&A funding does not cover the immediate needs in the PBS portfolio.

The lack of reinvestment funding is a challenge for PBS. PBS' assignable assets have an average age of 47 years and insufficient funds have accelerated the deterioration of an already aged portfolio. While the Recovery Act funding has provided some relief in reducing the backlog of reinvestment needs, it is not sufficient to eliminate all the PBS R&A requirements. The large difference in available funding versus need, challenges PBS to make difficult choices in reinvestment decision-making. PBS appropriation funding for R&A related work decreased by 32.3 percent or \$133 million from FY 2010 to FY 2011. Tiering and the core asset analysis are useful decision support tools, however PBS will continually be challenged to be more innovative with its decision-making methods as budget constraints intensify and reinvestment funds continue to diminish.

REINVESTMENT NEEDS*

\$ in millions

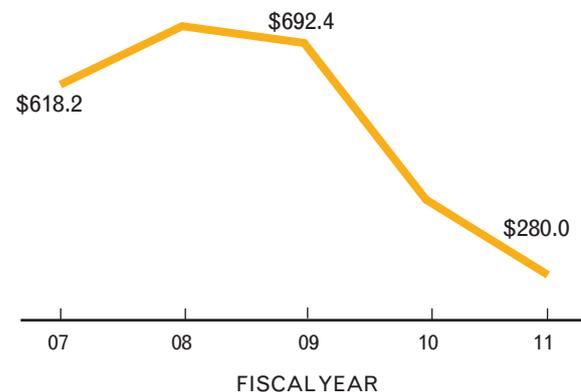


* Source: PCS as of 09/30/2011

Note: Data includes assets with "Active" and "Excess" status. Assets may or may not have GSA Real Estate Responsibility (Responsibility Code 1)

R&A FUNDING (BA54&55)**

\$ in millions



** Source: Appropriation History Report—PBS Office of Budget and Financial Management



LOOKING AHEAD

In FY 2012, PBS will continue to focus on the Presidential Memorandum and its contribution towards the goal of saving \$3 billion in real property costs government wide. The coming year will see an acceleration in actions related to identification and disposition of underutilized assets, lease terminations and consolidation efforts where appropriate.

As PBS moves forward, the focus of the organization will be continuing to strive for improved customer service. PBS will emphasize a focus on portfolio plans, provide strategic guidance to customers, and make portfolio decisions that are in the best interest of the American taxpayer.

PBS will continue to concentrate on right-sizing its portfolio and improving portfolio performance. The agency will evolve its analytical practices and tools to accomplish this. In addition to its new inventory system, PBS will explore other innovative technologies that will greatly improve PBS inventory reporting functionality and accuracy.

PBS will also continue its work towards its sustainability goals. Towards the end of FY 2011, PBS selected 16 technologies



Juarez and Lincoln Land Port of Entry, Laredo, TX



Harold D. Donohue Federal Building and Courthouse, Worcester, MA



Dwight D. Eisenhower Executive Office Building, Washington, DC

or practices for testing and evaluation. This research is being performed in collaboration with the Department of Energy's National Laboratories and results are anticipated in the coming years. PBS hopes to find technologies and practices that it can scale and use in its inventory. PBS also anticipates that this research will inspire the private building industry to use and develop such technologies and practices.

In the coming years, PBS will focus on creating a high performance workforce that will provide PBS more opportunities to optimize its inventory, improve federal utilization of space, and leverage innovation in order to serve its customers, stakeholders and the American taxpayer.





STATE OF THE
PORTFOLIO
FY2011

TABLE 1. TOTAL PORTFOLIO COMPOSITION BY REGION

REGION	# OF ASSETS	RSF <i>in millions</i>	DIRECT REVENUE \$ <i>in millions</i>	FFO \$ <i>in millions</i>	VACANT SPACE
1	493	11.2	297.3	78.3	6.6%
2	537	22.8	865.7	199.9	7.2%
3	808	35.5	661.3	105.8	2.5%
4	1,587	44.3	928.2	140.6	5.7%
5	1,175	35.6	743.2	107.9	5.4%
6	423	22.2	326.1	30.3	6.8%
7	1,343	34.2	665.3	109.7	5.2%
8	720	18.3	347.9	25.7	6.0%
9	1,170	34.6	999.4	230.4	4.4%
10	646	15.7	356.8	87.3	7.0%
11	781	100.0	3,226.4	579.5	4.0%
NATIONWIDE	9,683	374.6	9,432.4	1,722.6	5.0%

Source: BIS & REXUS as of 09/30/2011

TABLE 2. TOTAL PORTFOLIO COMPOSITION BY INVENTORY SEGMENT AND REGION

REGION	# OF ASSETS		RSF <i>in millions</i>		DIRECT REVENUE \$ <i>in millions</i>		FFO \$ <i>in millions</i>		VACANT SPACE	
	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED
1	102	391	6.4	4.8	158.8	138.4	79.4	(1.2)	11.1%	0.7%
2	60	477	12.6	10.2	449.0	416.7	209.0	(9.1)	10.0%	3.8%
3	84	724	15.8	19.8	246.0	415.3	109.9	(4.1)	4.3%	1.0%
4	141	1,446	19.7	24.6	284.7	643.6	118.9	21.7	8.6%	3.7%
5	138	1,037	19.9	15.7	322.2	420.9	132.5	(24.7)	8.6%	1.3%
6	61	362	12.1	10.2	135.6	190.6	34.1	(3.8)	11.6%	1.0%
7	328	1,015	16.9	17.3	271.5	393.8	122.2	(12.5)	6.7%	3.8%
8	149	571	9.5	8.8	135.3	212.6	33.6	(7.8)	10.3%	1.4%
9	157	1,013	17.8	16.8	443.4	556.1	229.1	1.3	7.4%	1.3%
10	102	544	9.1	6.6	173.1	183.7	104.5	(17.2)	11.0%	1.3%
11	198	583	42.3	57.7	1,100.5	2,125.9	595.8	(16.3)	6.1%	2.4%
NATIONWIDE	1,520	8,163	182.0	192.7	3,736.6	5,695.8	1,798.0	(75.4)	8.0%	2.3%

Source: BIS & REXUS as of 09/30/2011



TABLE 3. NUMBER OF AGENCY SPACE ASSIGNMENTS (ASAs)

REGION	OWNED	LEASED	TOTAL
1	580	489	1,069
2	805	694	1,499
3	769	1,088	1,857
4	1,712	1,926	3,674
5	1,316	1,348	2,664
6	645	578	1,223
7	1,692	1,339	3,031
8	903	833	1,736
9	1,050	1,425	2,475
10	693	718	1,411
11	477	1,008	1,485
NATIONWIDE	10,642	11,482	22,124

Source: REXUS as of 09/30/2011

TABLE 4. TOTAL NUMBER OF LEASES EXPIRING (FY12+)

REGION	# OF LEASES	ANNUAL RENT \$ in millions	RSF (LEASES) in millions
1	356	120.5	4.4
2	527	332.6	9.4
3	820	380.3	19.2
4	1,476	592.5	25.4
5	1,045	371.7	15.3
6	375	176.6	10.1
7	1,010	359.8	17.0
8	529	200.0	8.6
9	1,079	518.5	16.7
10	533	167.2	6.2
11	786	1,865.2	55.2
NATIONWIDE	8,536	5,084.9	187.4

Source: REXUS as of 09/30/2011

STATE OF THE
PORTFOLIO
FY 2011

TABLE 5. LEASES EXPIRATIONS BY REGION & FISCAL YEAR

REGION	FY12			FY13			FY14			FY15+		
	# OF LEASES	ANNUAL RENT	RSF	# OF LEASES	ANNUAL RENT	RSF	# OF LEASES	ANNUAL RENT	RSF	# OF LEASES	ANNUAL RENT	RSF
		\$ in millions	in millions									
1	50	12.6	0.4	59	17.2	0.6	51	18.8	0.7	196	71.9	2.7
2	136	68.0	2.1	88	33.4	1.0	67	51.0	1.4	236	180.2	4.9
3	126	25.6	1.4	134	62.3	3.4	101	32.2	1.5	459	260.1	12.9
4	313	72.9	3.6	197	62.3	3.2	140	37.0	1.8	826	420.3	16.8
5	170	42.9	1.6	125	35.3	1.8	91	20.8	0.9	659	272.7	11.0
6	30	16.7	1.2	39	8.0	0.5	37	7.7	0.5	269	144.2	7.8
7	192	39.7	2.2	116	36.1	2.2	126	30.6	1.8	576	253.4	10.8
8	82	23.3	1.1	79	17.4	0.9	45	12.2	0.6	323	147.0	6.0
9	173	67.9	2.6	152	66.5	2.1	118	55.2	1.7	636	328.9	10.3
10	118	35.6	1.3	71	15.6	0.7	61	13.8	0.6	283	102.2	3.6
11	164	320.3	9.9	141	267.7	8.0	136	252.7	8.3	345	1,024.5	29.1
NATIONWIDE	1,554	725.5	27.5	1,201	621.9	24.5	973	532.2	19.7	4,808	3,205.4	115.8

Source: REXUS as of 09/30/2011



TABLE 6. INCOME STATEMENT

\$ in millions

	FY08		FY09		FY10		FY11	
	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED
DIRECT REVENUE (+)	3,453.8	4,870.6	3,479.3	5,134.9	3,622.6	5,547.3	3,736.6	5,695.8
OPERATIONS & MAINTENANCE	907.8	56.9	944.9	54.5	966.5	63.7	980.2	56.4
PROTECTION	46.1	4.4	43.6	3.8	39.9	3.7	42.4	5.5
RENTAL OF SPACE	(2.4)	4,578.7	(2.8)	4,892.9	(1.3)	5,188.3	0.7	5,361.1
REAL ESTATE	5.6	5.5	6.0	6.1	5.3	7.0	2.5	8.6
REPAIRS AND ALTERATIONS	91.5	6.5	81.2	6.7	85.2	9.0	57.7	10.8
OTHER	74.2	9.9	50.8	9.1	89.0	15.3	84.8	2.0
TOTAL G&A EXPENSES	524.2	249.7	565.2	264.0	562.2	324.7	642.1	326.2
PURCHASE CONTRACTS	142.6	(0.0)	137.5	0.7	133.2	0.6	1,168.3	5,444.4
TOTAL FUNDED EXPENSES (-)	1,789.7	4,911.6	1,826.4	5,237.8	1,880.0	5,612.3	1,938.7	5,771.2
FFO (=)	1,664.1	(41.0)	1,652.9	(102.9)	1,742.6	(64.8)	1,798.0	(75.4)
DEPRECIATION (-)	1,015.2	27.8	1,049.5	22.3	1,150.7	18.5	1,209.3	23.3
NET INCOME	648.9	(68.8)	603.3	(125.2)	591.9	(83.5)	588.7	(98.7)

Source: InfoWizard FBF11 Model as of 09/30/2011

TABLE 7. FINANCIAL PERFORMANCE

	FY08		FY09		FY10		FY11	
	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED
NOI <i>\$ in millions</i>	2,157.8	191.8	2,178.0	147.4	2,263.9	244.6	2,398.7	237.6
OPERATING MARGIN	62.5%	3.9%	62.6%	2.9%	62.5%	4.4%	64.2%	4.2%
FFO/RSF	9.4	(0.2)	9.3	(0.6)	9.7	0.3	9.9	(0.4)
NI/RSF	3.7	(0.4)	3.4	(0.7)	3.3	(0.4)	3.2	(0.5)

Source: InfoWizard FBF11 Model as of 09/30/2011

TABLE 8. DISTRIBUTION BY SQUARE FOOTAGE

SQUARE FOOTAGE CATEGORY	# OF ASAs		RSF <i>in millions</i>		RENT <i>\$ in millions</i>	
	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED
0-10,000	7,979	7,809	19.7	27.0	395.3	761.6
10,001-25,000	1,409	2,161	22.3	33.4	440.6	932.9
25,001-50,000	643	819	22.4	28.4	483.1	870.6
50,001-100,000	307	467	21.4	32.5	505.1	966.8
100,001+	295	298	84.8	65.1	1,803.6	1,905.0
TOTAL	10,633	11,554	170.6	186.4	3,627.6	5,437.0

Source: REXUS & InfoWizard FBF11 model as of 09/30/2011



TABLE 9. ASSET PERFORMANCE BY PROPERTY TYPE

PROPERTY TYPE	# OF ASSETS		RSF <i>in millions</i>		DIRECT REVENUE <i>\$ in millions</i>		FFO <i>\$ in millions</i>	
	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED
OFFICE	587	7,301	131.5	171.3	2,581.2	5,225.9	1,304.5	(71.0)
COURTHOUSE	188	32	31.1	1.5	630.4	43.9	295.5	0.0
WAREHOUSE	107	544	11.6	17.2	73.4	189.4	17.3	(9.5)
LAND PORT OF ENTRY	470	9	4.8	0.9	144.6	11.8	84.1	(2.2)
LABORATORY	36	29	1.4	1.0	29.1	29.9	18.0	(2.5)
PARKING	37	145	0.1	0.0	23.9	17.1	18.3	(0.6)
OTHER	95	103	1.3	0.8	22.5	32.1	(30.5)	1.4

Source: REXUS & InfoWizard FBF11 model as of 09/30/2011

TABLE 10. ASSET PERFORMANCE BY FRPC PROPERTY TYPE

FRPC PROPERTY TYPE	# OF ASSETS		RSF <i>in millions</i>		DIRECT REVENUE <i>\$ in millions</i>		FFO <i>\$ in millions</i>	
	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED
BUILDING	1,351	7,980	180.7	192.6	3,451.0	5,528.5	1,684.7	(83.6)
LAND	19	24	0.0	0.0	3.3	4.2	(4.6)	(0.3)
STRUCTURE	150	159	1.2	0.0	50.8	17.3	27.0	(0.6)

Source: REXUS & InfoWizard FBF11 model as of 09/30/2011

TABLE 11. TOP PERFORMERS

TOP 10 PERFORMING FEDERAL BUILDINGS*	RSF <i>in millions</i>	FFO <i>\$ in millions</i>
JACOB K. JAVITS FEDERAL BUILDING, NY	2.3	68.0
J. EDGAR HOOVER BUILDING, DC	1.8	45.2
HARRY S. TRUMAN FEDERAL BUILDING, DC	2.0	44.1
FRANCES PERKINS FEDERAL BUILDING, DC	1.4	33.8
JAMES FORRESTAL FEDERAL BUILDING, DC	1.4	33.5
INTERNAL REVENUE SERVICE BUILDING, DC	1.2	30.4
HERBERT CLARK HOOVER FEDERAL BUILDING, DC	1.6	27.5
ROBERT C. WEAVER FEDERAL BUILDING, DC	1.1	25.9
WILBUR J. COHEN FEDERAL BUILDING, DC	1.0	25.8
ORVILLE WRIGHT FEDERAL BUILDING, DC	0.8	22.5
TOP 10 TOTAL	14.8	356.6

Source: REXUS & InfoWizard FBF11 model as of 09/30/2011



STATE OF THE
PORTFOLIO
FY2011

R1

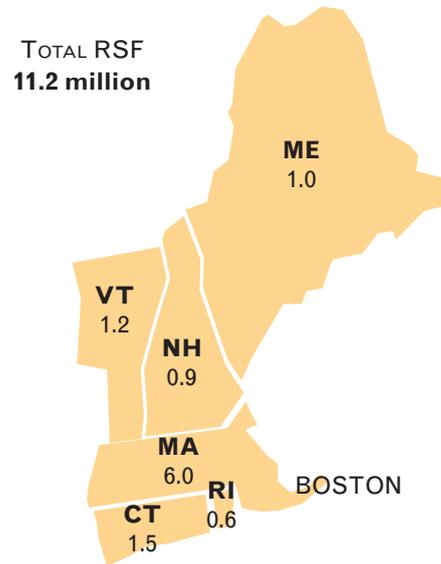
NEW ENGLAND REGION

ACCOMPLISHMENTS

- In FY 2011, the New England region was awarded National Historic Preservation Act (NHPA) funding to replace 34 deteriorating windows with energy efficient historically accurate windows in the New Bedford Custom House. The project will return the exterior of the building to its original appearance.
- The region continued construction on four large projects, including major renovations at the Smith Federal Building, in Bangor, Maine, and the IRS Center in Andover, Maine. The region also began construction on bridging, designing, and building the land port of entry in Van Buren, Maine.
- The region focused on sustainability and reduced its solid waste diversion at a rate of 40 percent, exceeding its goal of 10 percent. The region also awarded new electric and natural gas supply contracts for four New England states, which will decrease the utility costs by \$800,000 in FY 2012. Other federal agencies will also be using these contracts. The New England region was the only region to be recognized with an award in the annual FEMP Energy & Water awards competition.

RENTABLE SQUARE FOOTAGE BY STATE

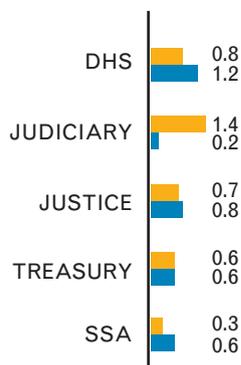
in millions



Source: REXUS as of 09/30/2011

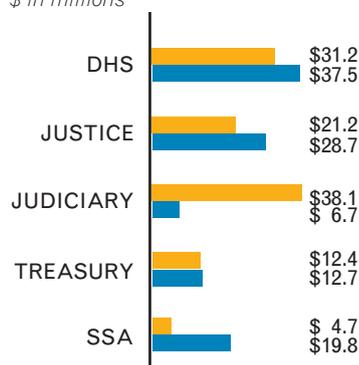
TOP 5 CUSTOMERS BY TOTAL RSF*

in millions



TOP 5 CUSTOMERS BY TOTAL ANNUAL RENT*

\$ in millions



■ OWNED
■ LEASED

*Source: BIS as of 09/30/2011

TOP 5 MARKETS BY TOTAL RSF	RSF <i>in millions</i>		# OF ASSETS		DIRECT REVENUE <i>\$ in millions</i>		FFO <i>\$ in millions</i>	
	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED
BOSTON-CAMBRIDGE-QUINCY, MA-NH	3.6	1.7	9	95	99.2	54.2	61.2	0.0
BURLINGTON-SOUTH BURLINGTON, VT	0.3	0.7	20	31	3.7	18.6	(1.2)	0.1
PROVIDENCE-NEW BEDFORD-FALL RIVER, RI-MA	0.3	0.4	6	37	5.5	12.8	2.9	(0.4)
HARTFORD-WEST HARTFORD-EAST HARTFORD, CT	0.4	0.2	2	22	6.7	5.5	1.1	0.0
NEW HAVEN-MILFORD, CT	0.2	0.3	2	21	3.9	9.4	0.7	(0.3)

Source: REXUS & InfoWizard FBF11 model as of 09/30/2011

R1

NEW ENGLAND REGION

INITIATIVES

- The region awarded a Single Stream Recycling Contract that will provide weekly waste hauling, recycling and composting in five major Boston federal building.
- The region added tele-presence at the Thomas P. O'Neill, Jr. Federal Building in Boston, which is fully tested and in use.
- The New England region is proactively engaging with its customers to look for opportunities to consolidate space under the directive of the Presidential Memorandum.
- The sustainability council in the region is working collaboratively within all business lines in the region to establish a regional sustainability plan in compliance with Guiding Principles. The goal is 7 percent and the region is currently exceeding this goal with 11 percent of the region's inventory in compliance with the Guiding Principles.

SUSTAINABILITY GOALS & RECOVERY ACT

The region substantially completed 17 limited scope Recovery Act projects in FY 2011. These projects include two wind turbines, green and photo-voltaic roofs, and numerous advanced metering installations. In addition, the region is continuing construction on three larger projects

		OWNED	LEASED	TOTAL
PORTFOLIO*	# OF ASSETS	102	391	493
	# of ASAs	580	489	1,069
	RSF <i>in millions</i>	6.4	4.8	11.2
	VACANCY RATE	11.1%	0.7%	6.6%
	FFO <i>\$ in millions</i>	79.4	(1.2)	78.3
	DIRECT REVENUE <i>\$ in millions</i>	158.8	138.4	297.3

		# OF ASSETS	RSF <i>in millions</i>
TIERING**	TIER 1	33	3.9
	TIER 2A	13	0.3
	TIER 2B	8	0.2
	TIER 3	48	2.1
CORE ASSETS†	CORE	67	5.9
	NON-CORE	38	0.5
	% CORE	64%	

LEASE EXPIRATIONS††	FY12	FY13	FY14	FY15+
# OF LEASES	50	59	51	196
RENT <i>\$ in millions</i>	12.6	17.2	18.8	71.9
RSF (LEASES) <i>in millions</i>	0.4	0.6	0.7	2.7

*Source: REXUS & InfoWizard FBF11 model as of 09/30/2011

** Source: FY 2012 Tiering Report (REXUS data as of 09/30/2011)

† Source: Asset Business Plan report 4th Quarter 2011

†† Source: REXUS as of 09/30/2011



John W. McCormack U.S. Post Office and Courthouse, Boston, MA



U.S. Custom House, Portland, ME

in the Smith Federal Building in Bangor, Maine, IRS Center in Andover, Maine, and land port of entry in Van Buren, Maine. These projects will include geothermal installations and are anticipated to be LEED Gold. The region is also participating in the Green Proving Ground, testing two new technologies: a hybrid solar/thermal/PV array and a “Dali” lighting system.

LOOKING AHEAD

In FY 2012, the region will continue to focus on engaging with its customers to seek opportunities to reduce and consolidate the federal footprint. The region will also continue its work towards meeting its sustainability goals and advance its work through a new 40 kilowatt solar PV project at the Burlington Federal Building as well as a new LED parking light project at the East Richford Land Port of Entry.

R2

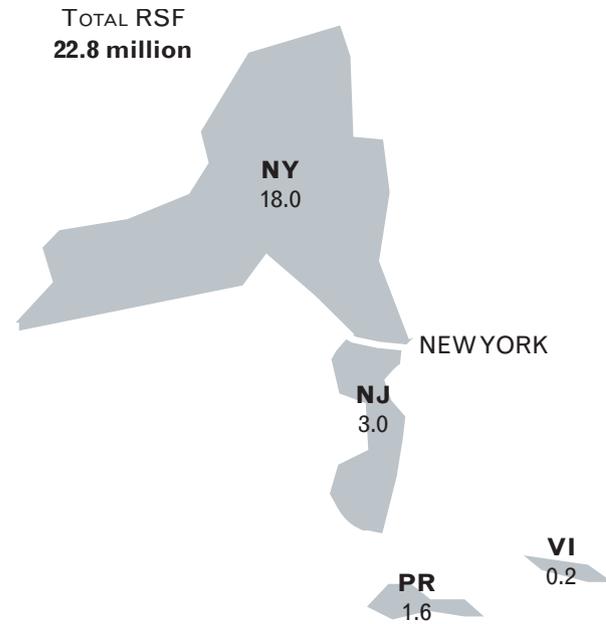
NORTHEAST AND CARIBBEAN REGION

ACCOMPLISHMENTS

- The Northeast & Caribbean Region exceeded the American Reinvestment and Recovery Act (Recovery Act) Outlays targets for FY11. The region moved from meeting Recovery Act program milestones for obligations, to meeting program milestones for Outlays resulting from payments made to Recovery Act contractors. The region made a positive contribution to the agency Outlay targets for December 2010 (\$1.2B) and March 2011 (\$1.7B).
- The new United States Courthouse in Buffalo, New York was completed in the summer of 2011. The 10-story, 284,617 Gross Square Foot new Buffalo Courthouse sits on the northwest corner of the city's Niagara Square. The new courthouse has a total of 9 courtrooms and chambers, other court-related space for the District Courts, Court of Appeals, the U.S. Attorneys, U.S. Marshals Service, U.S. Probation, the Federal Public Defender, and PBS.
- The modernization of the Emmanuel Cellar United States Courthouse, located in downtown Brooklyn, New York was completed in Fiscal Year 2011. The 301,310 Gross Square Foot Cellar Courthouse houses the U.S. Attorneys, U.S. Marshals Service, District and Appeals Courts, and GSA.

RENTABLE SQUARE FOOTAGE BY STATE

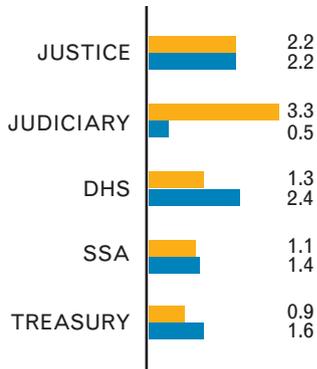
in millions



Source: REXUS as of 09/30/2011

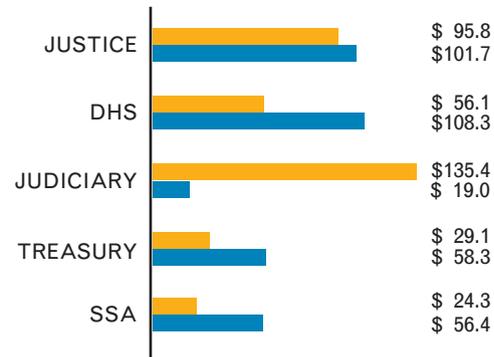
TOP 5 CUSTOMERS BY TOTAL RSF*

in millions



TOP 5 CUSTOMERS BY TOTAL ANNUAL RENT*

\$ in millions



■ OWNED
■ LEASED

*Source: BIS Report 9/30/11

TOP 5 MARKETS BY TOTAL RSF	RSF in millions		# OF ASSETS		DIRECT REVENUE \$ in millions		FFO \$ in millions	
	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED
NEW YORK-NORTHERN NEW JERSEY-LONG ISLAND, NY-NJ-PA	10.2	6.9	22	236	379.5	315.6	176.6	(6.1)
BUFFALO-NIAGARA FALLS, NY	0.2	1.2	1	45	2.5	33.5	1.2	(0.2)
SAN JUAN-CAGUAS-GUAYNABO, PR	0.6	0.8	3	30	16.8	29.4	5.1	1.2
ALBANY-SCHENECTADY-TROY, NY	0.4	0.3	2	25	7.4	7.2	3.3	0.1
SYRACUSE, NY	0.3	0.2	1	23	5.5	3.1	2.1	(0.1)

Source: REXUS & InfoWizard FBF11 model as of 09/30/2011

R2

NORTHEAST AND CARIBBEAN REGION

INITIATIVES

- In Fiscal Year 2011, the region continued to work with the US Judiciary to build a stronger relationship through a series of partnering meetings. These meetings included experts from all internal PBS program areas and key partners from the US Courts. The two agencies have progressed on several business issues and have established open lines of communication.
- Also in Fiscal Year 2011 the region earned the first ever gold award for a LEEDs Commercial Interior project. The region worked with the Federal Acquisition Service (FAS) to deliver innovative new space design. PBS worked with FAS to:
 1. Improve overall quality of the work place; provide a clean, healthy and productive work environment.
 2. Improve space utilization through better planning and co-location of departments.
 3. Increase opportunity for collaboration, community and interaction.
 4. Provide effective spaces for a variety of tasks.
 5. Provide access to natural daylight and magnificent views from all workspaces.
 6. Communicate FAS mission and values through workspace image and function.

		OWNED	LEASED	TOTAL
PORTFOLIO*	# OF ASSETS	60	477	537
	# OF ASAs	805	694	1,499
	RSF <i>in millions</i>	12.6	10.2	22.8
	VACANCY RATE	10.0%	3.8%	7.2%
	FFO <i>\$ in millions</i>	209.0	(9.1)	199.9
	DIRECT REVENUE <i>\$ in millions</i>	449.0	416.7	865.7

		# OF ASSETS	RSF <i>in millions</i>
TIERING**	TIER 1	27	3.9
	TIER 2A	11	5.5
	TIER 2B	7	1.1
	TIER 3	16	2.0
CORE ASSETS†	CORE	56	11.6
	NON-CORE	26	2.5
	% CORE	68%	

LEASE EXPIRATIONS††	FY12	FY13	FY14	FY15+
# OF LEASES	136	88	67	236
RENT <i>\$ in millions</i>	68.0	33.4	51.0	180.2
RSF (LEASES) <i>in millions</i>	2.1	1.0	1.4	4.9

*Source: REXUS & InfoWizard FBF11 model as of 09/30/2011

** Source: FY 2012 Tiering Report (REXUS data as of 09/30/2011)

† Source: Asset Business Plan report 4th Quarter 2011

†† Source: REXUS as of 09/30/2011

SUSTAINABILITY GOALS & RECOVERY ACT

Leadership in Energy and Environmental Design (LEED) Certification has been awarded for the Champlain port of entry and the International Green Design Award for Massena port of entry, both in New York. GSA currently procures green power for several federal and international agencies exceeding 90 million kilowatt hours. The portion of that power purchased for GSA operated facilities represents over 35 percent of the region's total kilowatt hour requirements. The Northeast and Caribbean region has several on-site photovoltaic projects underway totaling over 350 kilowatts. There are numerous Recovery Act energy efficient projects in progress across the region that once completed will reduce the region's energy consumption by over 14 percent.



Ronald H. Brown U.S. Mission to the United Nations, New York, NY

LOOKING AHEAD

The Northeast & Caribbean region will begin to move ahead with the use of 3rd party financed projects such as the Department of Energy - Energy Saving Performance Contracts (ESPC) to fund energy and water conservation projects throughout the region. These projects will focus on energy and water reduction. The region is in the process of adding Photovoltaic (PV) panels to seven GSA owned facilities for a savings of approximately 380 kilowatts. In this time of budget cuts and fiscal restraint, the region will also be exploring options for public-private ventures aimed at renovating and modernizing government-owned properties.



Jose V. Toledo Federal Building and Courthouse, Old San Juan, Puerto Rico

R3

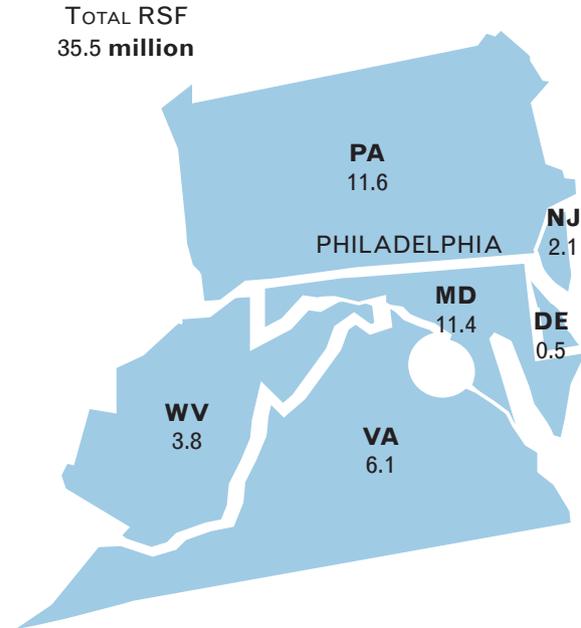
MID-ATLANTIC REGION

ACCOMPLISHMENTS

- The Mid-Atlantic region and NASA partnered on the development and implementation of a 15-year facility modernization program called New Town in Hampton, Virginia. The program outlines various phases consisting of six new buildings and renovating two existing buildings within the NASA Langley Research Center (LaRC). The program is designed in accordance with the GSA Design Excellence program and certified as LEED® Platinum. It will include the use of a green roof, photovoltaic (PV) technology, sunshades, maximum natural lighting, geo-thermal wells, bio-swales and LEED certified furnishing. The project won the Engineering News-Record Southeast Region's Best Green Building category for 2011.
- The region selected a site for the SSA's National Support Center (NSC) in Urbana, Maryland. The new location will house data center operations essential to the prompt and accurate payment of benefits to Americans. Design and construction on the new LEED – Gold facility, funded via the Recovery Act, will begin in early 2012 and will incorporate innovative and sustainable design elements such as onsite renewable energy sources and energy-efficient heating and cooling systems. The region also awarded construction and design-build services for SSA's National Computer Center in Woodlawn, Maryland. By awarding this

RENTABLE SQUARE FOOTAGE BY STATE

in millions

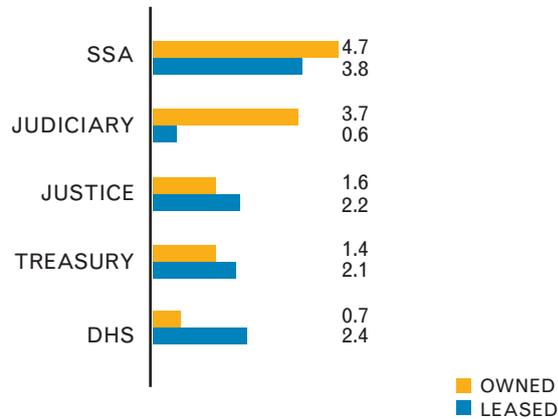


work to a single contractor, the government saw significant cost savings through reduced cost savings in the contractor's general conditions and fees, in addition to savings afforded by performing a competitive acquisition.

- The Mid-Atlantic Region and the Department of State (DOS) partnered to build the Foreign Affairs Security Training Center (FASTC) in accordance to the President's Memorandum of June 2010,

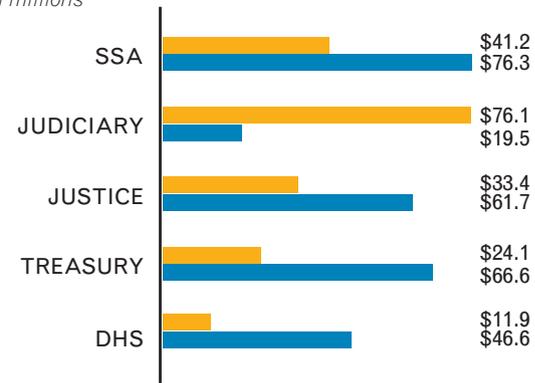
TOP 5 CUSTOMERS BY TOTAL RSF*

in millions



TOP 5 CUSTOMERS BY TOTAL ANNUAL RENT*

\$ in millions



*Source: BIS Report 9/30/11

TOP 5 MARKETS BY TOTAL RSF	RSF in millions		# OF ASSETS		DIRECT REVENUE \$ in millions		FFO \$ in millions	
	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED
BALTIMORE-TOWSON, MD	5.9	3.8	19	84	71.2	74.7	38.7	(0.2)
PHILADELPHIA-CAMDEN-WILMINGTON, PA-NJ-DE-MD	3.6	5.4	10	122	61.8	129.2	25.0	(1.5)
PITTSBURGH, PA	1.3	1.2	4	51	22.3	26.6	8.3	(0.0)
VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA-NC	0.5	1.7	4	57	7.7	37.8	2.1	(0.1)
RICHMOND, VA	0.9	0.7	4	34	16.9	13.1	8.5	(0.0)

Source: REXUS & InfoWizard FBF11 model as of 09/30/2011

R3

MID-ATLANTIC REGION

directing federal agencies to use existing land and resources rather than purchased or the use of new leases. The region and DOS completed a feasibility study in Fort Pickett, Virginia, concluding that the Virginia Army National Guard's Maneuver Training Center (VANG) could support the needs of DOS. Under Secretary Patrick Kennedy provided the formal approval for the master planning studies and NEPA activities on the site.

INITIATIVES

- The region developed and launched an "employee exchange" program that allows PBS employees and clients to interact directly with one another. The program includes week-long rotations designed to give customers and employees a better understanding of the each other's work, and to expand on direct experiences between the teams on projects. The region's goal is to improve relationships between PBS and its customers.
- The region awarded seven new Repairs and Alterations Construction Term Indefinite Delivery/Indefinite Quantity (IDIQ) multiple award construction term contracts to small businesses, which include design-build capabilities for portions of the Mid-Atlantic region, including Philadelphia, surrounding Pennsylvania

		OWNED	LEASED	TOTAL
PORTFOLIO*	# OF ASSETS	84	724	808
	# OF ASAs	769	1,088	1,857
	RSF <i>in millions</i>	15.8	19.8	35.5
	VACANCY RATE	4.3%	1.0%	2.5%
	FFO <i>\$ in millions</i>	109.9	(4.1)	105.8
	DIRECT REVENUE <i>\$ in millions</i>	246.0	415.3	661.3

		# OF ASSETS	RSF <i>in millions</i>
TIERING**	TIER 1	50	11.6
	TIER 2A	3	0.7
	TIER 2B	4	0.9
	TIER 3	28	2.6
CORE ASSETS†	CORE	75	14.3
	NON-CORE	48	2.5
	% CORE	61%	

LEASE EXPIRATIONS††	FY12	FY13	FY14	FY15+
# OF LEASES	126	134	101	459
RENT <i>\$ in millions</i>	25.6	62.3	32.2	260.1
RSF (LEASES) <i>in millions</i>	1.4	3.4	1.5	12.9

*Source: REXUS & InfoWizard FBF11 model as of 09/30/2011

** Source: FY 2012 Tiering Report (REXUS data as of 09/30/2011)

† Source: Asset Business Plan report 4th Quarter 2011

†† Source: REXUS as of 09/30/2011

counties, southern New Jersey, and Delaware. The contract will assist in streamlining the procurement process, reducing time and cost.

SUSTAINABILITY GOALS & RECOVERY ACT

The region's Baltimore, Maryland field office is piloting a project for a sustainability building audit and life cycle analysis, which will look at a project's life cycle financial costs as well as the life cycle carbon footprint and environmental impact. The Mid-Atlantic region has also begun the process of submitting buildings for LEED for Existing Buildings Operations & Maintenance (EBOM) certifications. In an effort to continue moving towards GSA's goal for Zero Environmental Footprint (ZEF), several regional assets, including the J. Caleb Boggs U.S. Courthouse & Federal Building in Wilmington, Delaware, Robert C. Byrd U.S. Courthouse and Federal Building in Charleston, West Virginia and the James A. Byrne U.S. Courthouse in Philadelphia, Pennsylvania have undergone various renovations to upgrade their inefficient systems. The Boggs Courthouse and the Clarkson S. Fisher U.S. Courthouse & Federal Building in Trenton, New Jersey have received Energy Star designations in recognition of the work by the region.

LOOKING AHEAD

In FY 2012, the Mid-Atlantic region is on target to complete high profile projects such as Centers for Medicaid & Medicare Services Recovery Act project,

Healthcare Reform Initiative projects in Woodlawn, Maryland and the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) Recovery Act project in Martinsburg, West Virginia. These projects will make the region's facilities' building systems more efficient, provide zero emissions solar and geothermal power generation, as well as better utilize space allowing its clients to more efficiently perform their missions. The region will also be initiating a mobility pilot to study the implications of mobile work on process, organization and culture. The pilot will test the ability to adapt and support this type of work environment and help develop the expertise to support customer mobile work programs.



Federal Post Office and Courthouse, Pittsburgh, PA

R4

SOUTHEAST SUNBELT REGION

ACCOMPLISHMENTS

- The Southeast Sunbelt region, in accordance with the President's goal in reducing the government's federal footprint, conveyed the IRS building in Greensboro, North Carolina to the City of Greensboro. Although the property no longer met the needs of PBS customers, the region was able to find a local use for it. The property will be used by the Greensboro Police Department, creating a very highly visible police headquarters. The city plans to use the building to encourage economic development. GSA realized a cost avoidance of nearly \$8 million in protection, maintenance and capital improvements through the work the region did with the City of Greensboro.
- In a report published in August 2011 called the Green Building Performance – a post occupancy evaluation of 22 GSA buildings, PBS examined 22 representative green buildings from its national portfolio for a comprehensive analysis that measured environmental performance, financial metrics and occupancy satisfaction against the industry and GSA baselines. The report measured 3 buildings in the Southeast Sunbelt region: the Duncan Federal Building in Knoxville, Tennessee, the Quillen Courthouse in Greenville, North Carolina, and the federal building in Jacksonville, Florida. All 3 buildings

RENTABLE SQUARE FOOTAGE BY STATE

in millions

TOTAL RSF
44.3 million

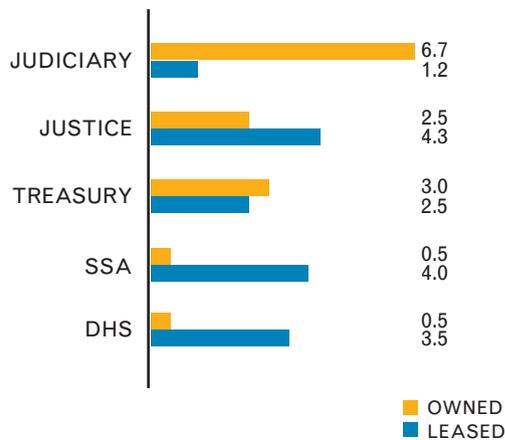


Source: REXUS as of 09/30/2011

were well below the national average for commercial buildings for energy use intensity, water use, CO₂ emissions, and energy costs and scored above the national average for Energy Star and occupant satisfaction. The result of the study served as a great example of the PBS' longstanding dedication towards a more sustainable portfolio.

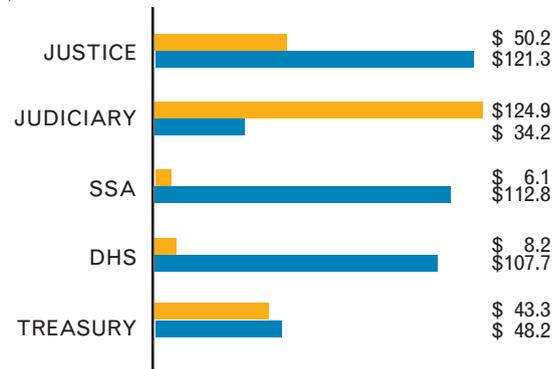
TOP 5 CUSTOMERS BY TOTAL RSF*

in millions



TOP 5 CUSTOMERS BY TOTAL ANNUAL RENT*

\$ in millions



*Source: BIS Report 9/30/11

TOP 5 MARKETS BY TOTAL RSF	RSF in millions		# OF ASSETS		DIRECT REVENUE \$ in millions		FFO \$ in millions	
	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED
ATLANTA-SANDY SPRINGS-MARIETTA, GA	5.0	4.7	13	107	90.5	97.6	43.9	2.2
MIAMI-FORT LAUDERDALE-POMPANO BEACH, FL	1.8	3.0	9	138	39.1	107.3	21.4	0.5
MEMPHIS, TN-MS-AR	1.2	0.5	2	30	15.3	11.1	6.1	0.2
JACKSONVILLE, FL	0.7	0.9	2	41	16.0	22.8	8.8	0.5
TAMPA-ST. PETERSBURG-CLEARWATER, FL	0.6	0.9	3	51	9.0	26.4	2.6	0.6

Source: REXUS & InfoWizard FBF11 model as of 09/30/2011

R4

SOUTHEAST SUNBELT REGION

- In January 2011, the region reopened the Martin Luther King Jr. Federal Building in Atlanta, Georgia. This is the first building in the United States named after the civil rights leader. Originally a U.S. Post Office, GSA acquired the building in 1983, and committed to restoring the historic building with the incorporation of sustainable design in 2003. The integration of new technology was essential to the restoration of this historic building. The project included such features as an insulated roofing system which included the LEED standard for reflectivity, façade, replacement and repurposing of historic windows, and the replication of historic lighting throughout. The building is a physical manifestation of a collective history that makes the region proud.

INITIATIVES

The Southeast Sunbelt region will be focusing this year on reducing its utilization rate by combining multiple floors of the regional PBS headquarters Martin Luther King Jr. Federal Building in Atlanta, Georgia onto two smaller floors, utilizing workforce mobility practices, workplace hoteling, office sharing, increased telework, and alternative work schedules. The region is also working with the Federal Acquisition Service (FAS) to help reduce their footprint across two buildings and

		OWNED	LEASED	TOTAL
PORTFOLIO*	# OF ASSETS	141	1,446	1,587
	# OF ASAs	1,712	1,962	3,674
	RSF <i>in millions</i>	19.7	24.6	44.3
	VACANCY RATE	8.6%	3.7%	5.7%
	FFO <i>\$ in millions</i>	118.9	21.7	140.6
	DIRECT REVENUE <i>\$ in millions</i>	284.7	643.6	928.2

		# OF ASSETS	RSF <i>in millions</i>
TIERING**	TIER 1	31	6.6
	TIER 2A	27	4.8
	TIER 2B	10	1.2
	TIER 3	73	7.1
CORE ASSETS†	CORE	105	16.8
	NON-CORE	37	2.9
	% CORE	74%	

LEASE EXPIRATIONS††	FY12	FY13	FY14	FY15+
# OF LEASES	313	197	140	826
RENT <i>\$ in millions</i>	72.9	62.3	37.0	420.3
RSF (LEASES) <i>in millions</i>	3.6	3.2	1.8	16.8

*Source: REXUS & InfoWizard FBF11 model as of 09/30/2011

** Source: FY 2012 Tiering Report (REXUS data as of 09/30/2011)

† Source: Asset Business Plan report 4th Quarter 2011

†† Source: REXUS as of 09/30/2011

partially join PBS in the Martin Luther King Jr. Federal Building. With this initiative PBS and FAS are drawing across similar business lines and housing them together to further promote one GSA.

SUSTAINABILITY GOALS & RECOVERY ACT

The Southeast Sunbelt region hosted a dedication ceremony for a new courthouse in Jackson, Mississippi. The 400K square foot courthouse features advancements in architecture, art and efficiency and is a candidate for the LEED new construction silver rating for environmentally sustainable design,



Martin Luther King Jr. Federal Building, Atlanta, GA

construction and operations. The region also continued working towards reduced energy and water consumption and met the annual targets by reducing 4.25 percent and 8 percent respectively, over the last fiscal year. These reductions were achieved through the completion of several energy and Recovery Act projects in the larger assets and by continued optimum facility performance through the deployment of advanced metering and web-based monitoring.

LOOKING AHEAD

In FY 2012, the region will focus on work consistent with meeting the goals for the President's Memorandum. In addition to exploring new technologies in the workplace, the region will work on brokering stronger relationships with its customers. The Southeast Sunbelt region remains diligent in recycling and repurposing existing federal buildings to reduce the federal reliance on leased space. The region will also be completing and opening the courthouses in Tuscaloosa, Alabama and Fort Pierce, Florida continuing to provide superior real estate solutions to its customers. The region is completing modernization work in Birmingham, Alabama, Orlando, Florida, and Jackson, Mississippi. These Recovery Act projects incorporate sustainability principles to contribute to PBS's goal of high performance green buildings.

R5

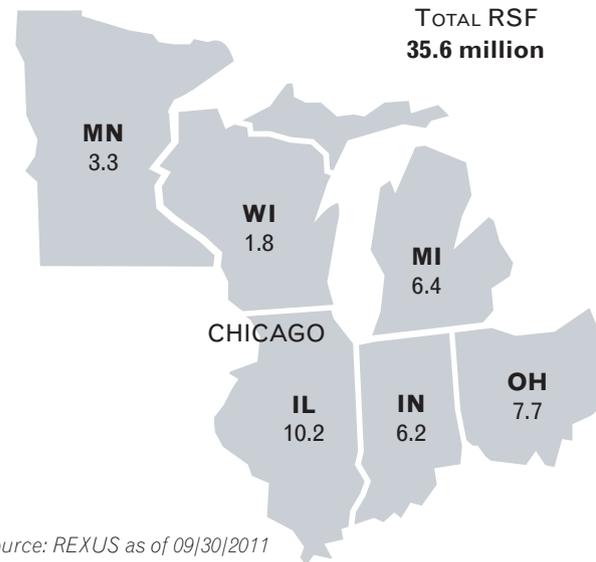
GREAT LAKES REGION

ACCOMPLISHMENTS

- The Recovery Act provided funding to install a two megawatt photovoltaic (PV) system containing 6,152 PV solar panels on the Emmet J. Bean Federal Center in Indianapolis. The project also included a laboratory on the roof, monitored by Sandia National Laboratories and Department of Energy to better understand PV performance in the Midwestern climate. The project includes four solar thermal systems and received the Excellence in Design, Development, Construction, Engineering and Public Art award in the construction category at Keep Indianapolis Beautiful Incorporated's 34th Annual Monumental Affairs Awards.
- The Great Lakes region completed the FBI field office in Indianapolis, Indiana, one of a number of high profile lease projects, featuring the use of recycled material, as well as energy efficient lighting fixtures and controls, low consumption plumbing fixtures, native landscaping, insulated exterior glazing and an energy efficient roof. A LEED silver certification is anticipated for this project. In addition, the region secured a lease procurement for the IRS National Forensic Laboratory in Chicago, Illinois. The lab supports document, chemical, photographic and acoustic forensic analysis in support of criminal investigations and prosecutions. The only one of its kind, the lab was officially dedicated June 16, 2011.
- The Theodore Levin U.S. Courthouse in Detroit, Michigan won the TOBY award in the Historical

RENTABLE SQUARE FOOTAGE BY STATE

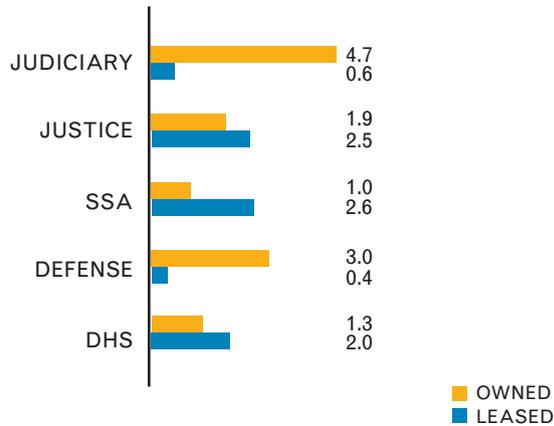
in millions



Building category at the BOMA International Conference in Washington, D.C. By winning the award, the Levin courthouse elevated the region and the service center to new levels of excellence. The Chicago FBI field office won the Earth category. The Metcalfe Federal Building in Chicago, Illinois and the Burger Federal Building & U.S. Courthouse in St. Paul, Minnesota were nominated. The TOBY awards are given on local, regional and international levels in recognition of excellence in building management, operational efficiency, tenant retention, emergency planning, green programs and community impact.

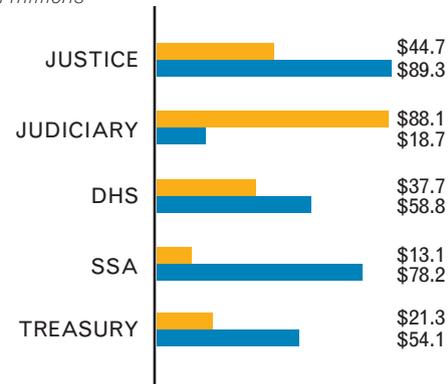
TOP 5 CUSTOMERS BY TOTAL RSF*

in millions



TOP 5 CUSTOMERS BY TOTAL ANNUAL RENT*

\$ in millions



*Source: BIS Report 9/30/11

TOP 5 MARKETS BY TOTAL RSF	RSF in millions		# OF ASSETS		DIRECT REVENUE \$ in millions		FFO \$ in millions	
	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED
CHICAGO-NAPERVILLE-JOLIET, IL-IN-WI	5.8	3.3	28	152	129.8	116.6	58.2	(5.5)
DETROIT-WARREN-LIVONIA, MI	1.7	2.2	11	78	25.2	63.2	8.6	(6.2)
INDIANAPOLIS-CARMEL, IN	2.4	0.9	3	42	24.5	20.8	6.1	0.7
CLEVELAND-ELYRIA-MENTOR, OH	2.0	0.8	4	50	22.1	25.2	10.3	0.5
MINNEAPOLIS-ST. PAUL-BLOOMINGTON, MN-WI	1.6	1.2	7	42	26.1	29.8	11.0	(10.4)

Source: REXUS & InfoWizard FBF11 model as of 09/30/2011

R5 GREAT LAKES REGION

INITIATIVES

The Great Lakes region has been an innovator of standard development and process improvement in the Building Information Modeling (BIM) for its assets. The regional standard is being considered for adoption by several regions and the design and construction industry. The region used the BIM technology to model the Chicago Federal Center and earned the American Institute of Architects (AIA) 2011 award for BIM Deployment Process Innovation. The jury cited the region's standards for addressing design, construction and facility management benefits as reasons for the award. The region plans to lead by example for the standardization of BIM processes across GSA.

SUSTAINABILITY GOALS & RECOVERY ACT

The Great Lakes region's sustainable program was remarkably successful in FY 2011. The Recovery Act projects, commitment to operational excellence and strategies driven by all PBS business lines culminated in:

- 4.5 percent reduction in energy use
- 7.4 percent reduction in water consumption
- 44 percent waste diversion rate
- \$1.3 million in reduced electricity costs.

		OWNED	LEASED	TOTAL
PORTFOLIO*	# OF ASSETS	138	1,037	1,175
	# OF ASAs	1,316	1,348	2,664
	RSF <i>in millions</i>	19.9	15.7	35.6
	VACANCY RATE	8.6%	1.3%	5.4%
	FFO <i>\$ in millions</i>	132.5	(24.7)	107.9
	DIRECT REVENUE <i>\$ in millions</i>	322.2	420.9	743.2

		# OF ASSETS	RSF <i>in millions</i>
TIERING**	TIER 1	39	7.2
	TIER 2A	9	3.5
	TIER 2B	4	1.3
	TIER 3	98	8.0
CORE ASSETS†	CORE	141	19.8
	NON-CORE	28	1.2
	% CORE	83%	

LEASE EXPIRATIONS††	FY12	FY13	FY14	FY15+
# OF LEASES	170	125	91	659
RENT <i>\$ in millions</i>	42.9	35.3	20.8	272.7
RSF (LEASES) <i>in millions</i>	1.6	1.8	0.9	11.0

*Source: REXUS & InfoWizard FBF11 model as of 09/30/2011

** Source: FY 2012 Tiering Report (REXUS data as of 09/30/2011)

† Source: Asset Business Plan report 4th Quarter 2011

†† Source: REXUS as of 09/30/2011

The region aggregated electricity loads with other Federal agencies to manage electricity more efficiently, and participated in demand response programs that reduce utility expenses. The Great Lakes region is also pursuing LEED certifications for the Rockford Courthouse in Rockford, Illinois and the Dirksen U.S. Courthouse in Chicago, Illinois. Finally, the region developed a system to track monthly waste and recycling for all owned buildings and is working to do the same for small and prospectus-level project construction waste data. This allows the region to track buildings against the Executive Order 13514's goal and identify opportunities for improvements.

LOOKING AHEAD

The Great Lakes region is implementing an aggressive mobility program that enables employees to be more responsive, productive, and attentive to customer needs while promoting sustainability by reducing the demand on resources, promoting better workspace utilization, and making space reduction a real possibility for GSA and its customer agencies. The region will construct mobility labs in Chicago's John C. Kluczynski Federal Building to test collaborative, adaptive, and efficient workspace solutions for implementation. New setups will allow agencies to reduce space and return to federally owned space. In FY 2012, the region plans to complete several projects, including the Everett M. Dirksen Courthouse, and two FBI leases while working on the

geothermal ground source system at the Bishop Henry Whipple Federal Building.



Theodore Levin U.S. Courthouse, Detroit, MI



Major General Emmett J. Bean Federal Center,
Indianapolis, IN

R6

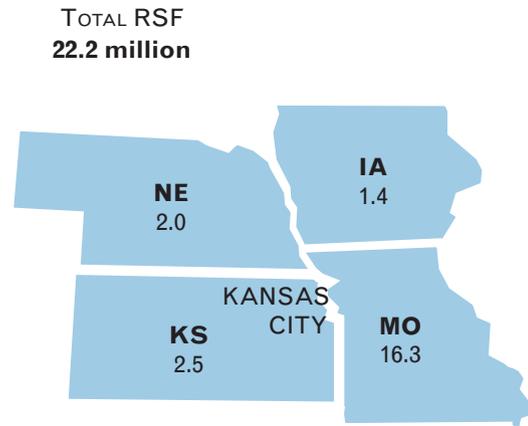
HEARTLAND REGION

ACCOMPLISHMENTS

- The Heartland region opened the Christopher S. Bond U.S. Courthouse in Jefferson City, Missouri in August 2011 ahead of schedule and under budget, saving \$3.5 million. The building will use 13 percent recycled content, divert 80 percent of construction and waste material from landfills and reduce water use by 44 percent. Overall the building is expected to be 36 percent more efficient than currently energy standards.
- In FY 2011, the region contributed \$500,000 back to the Federal Buildings Fund (FBF) through the online auction of the Hardesty Federal Facility in Kansas City, Missouri. The challenging property required multiple environmental evaluations, was located in an economically challenged area and no longer met the needs of customers. The disposition supports the President's Memorandum for a reduction in the federal footprint and provides cost savings to the federal government in the form of avoided security and maintenance liability.
- The region was successfully able to backfill vacant federally owned space in the Charles F. Prevedel Federal Building in St. Louis, Missouri. Within months of the U.S. Army Human Resources Command vacating the facility, the region negotiated occupancy for

RENTABLE SQUARE FOOTAGE BY STATE

in millions

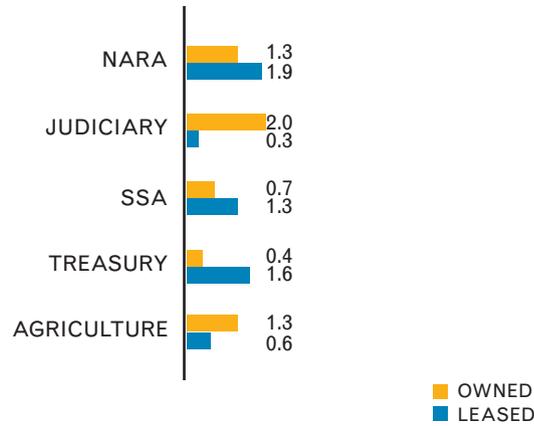


Source: REXUS as of 09/30/2011

the U.S. Department of Agriculture's National Agriculture Statistic Service and will collect \$1.7 million annually in rent. The region continues to work towards continued occupancy and backfill opportunities in the asset.

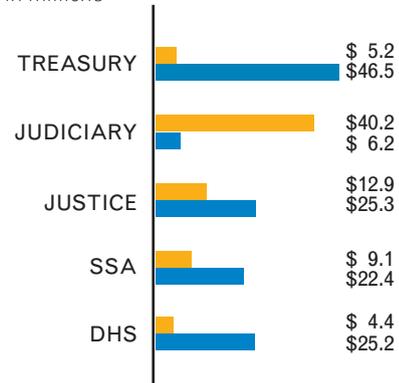
TOP 5 CUSTOMERS BY TOTAL RSF*

in millions



TOP 5 CUSTOMERS BY TOTAL ANNUAL RENT*

\$ in millions



*Source: BIS Report 9/30/11

TOP 5 MARKETS BY TOTAL RSF	RSF <i>in millions</i>		# OF ASSETS		DIRECT REVENUE <i>\$ in millions</i>		FFO <i>\$ in millions</i>	
	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED
KANSAS CITY, MO-KS	4.1	6.4	17	68	42.0	112.2	8.2	(1.6)
ST. LOUIS, MO-IL	5.5	1.1	28	39	56.9	20.8	22.4	(1.1)
OMAHA-COUNCIL BLUFFS, NE-IA	0.6	0.5	2	26	12.8	14.7	6.6	(0.2)
LINCOLN, NE	0.4	0.4	1	10	4.2	6.5	0.8	(0.2)
DES MOINES-WEST DES MOINES, IA	0.4	0.2	2	16	5.6	6.5	0.4	0.1

Source: REXUS & InfoWizard FBF11 model as of 09/30/2011

R6

HEARTLAND REGION

INITIATIVES

- The Heartland region planned and began construction on an alternative workspace testing area in FY 2011 known as the Mobility Test Bed, in the regional headquarters. The space shows a variety of mobile and alternative workplace solutions. Associates will be asked to rotate through the space six weeks at a time trying out different workplace options. Adopting mobility in the workplace will allow the region to gather and measure data, develop expertise, and promote alternative workplace solutions to customer agencies.
- In an effort to leverage resources and promote professional growth, the region will be executing a strategy that includes targeted detail assignments for its associates. This cross functional strategy will allow the member of the regional team to understand other PBS business processes and to leverage their strengths to drive program areas through new and innovative ideas. Understanding different business areas within PBS and sharing talents and skills will then be leveraged towards superior relationships with customers.

		OWNED	LEASED	TOTAL
PORTFOLIO*	# OF ASSETS	61	362	423
	# OF ASAs	645	578	1,223
	RSF <i>in millions</i>	12.1	10.2	22.2
	VACANCY RATE	11.6%	1.0%	6.8%
	FFO <i>\$ in millions</i>	34.1	(3.8)	30.3
	DIRECT REVENUE <i>\$ in millions</i>	135.6	190.6	326.1

		# OF ASSETS	RSF <i>in millions</i>
TIERING**	TIER 1	9	2.2
	TIER 2A		
	TIER 2B	1	0.1
	TIER 3	57	9.8
CORE ASSETS†	CORE	46	8.3
	NON-CORE	30	4.5
	% CORE	61%	

LEASE EXPIRATIONS††	FY12	FY13	FY14	FY15+
# OF LEASES	30	39	37	269
RENT <i>\$ in millions</i>	16.7	8.0	7.7	144.2
RSF (LEASES) <i>in millions</i>	1.2	0.5	0.5	7.8

*Source: REXUS & InfoWizard FBF11 model as of 09/30/2011

** Source: FY 2012 Tiering Report (REXUS data as of 09/30/2011)

† Source: Asset Business Plan report 4th Quarter 2011

†† Source: REXUS as of 09/30/2011

SUSTAINABILITY GOALS & RECOVERY ACT

The region engaged in efforts towards water conservation, energy efficiency, waste diversion and LEED certifications throughout the Heartland region. Some efforts include:

- A 80 thousand gallon water collection cistern at the Bolling Federal Building in Kansas City, Missouri, was installed to collect rainwater and storm water for reuse
- A waste composting program was initiated to reduce solid waste outputs from the complex that will result in a net \$6,000 in waste collection expenses. An onsite waste composting system was installed in FY 2011 at the Bolling Federal Building.
- The new U.S. Courthouse in Jefferson City, Missouri was opened and is registered to seek LEED Gold certification while a leased location in Lincoln, Nebraska received the certification from the U.S. Green Building Council (USGBC). In addition, seven owned assets are seeking LEED Existing Buildings Operations and Maintenance (EBOM) certification.
- The region replaced existing electrical power transformers with new high energy transformers and installed new lighting, ceiling and diffusers at the Neal Federal Building.

LOOKING AHEAD

The Heartland region is expecting the completion of the new U.S. Courthouse in Cedar Rapids, Iowa to be on-time and on-budget in the summer of 2012. PBS is working with a collaborative effort with the courts on all facets of the project. The courthouse incorporates state-of-the-art building controls systems, Smart Building controls, energy usage monitoring, high-efficiency boilers, low e-glazing, and photovoltaic panel arrays. The project is expected to receive a LEED Gold certification. The Heartland region is also focusing on strategies to improve and grow the organization as a whole. By continuing to align the regional organization with national strategies and developing strategic investment plans, the region will streamline processes that will assist in leverage the limited budgets while continuing to meet customer needs.



Richard Bolling Federal Building, Kansas City, MO

R7

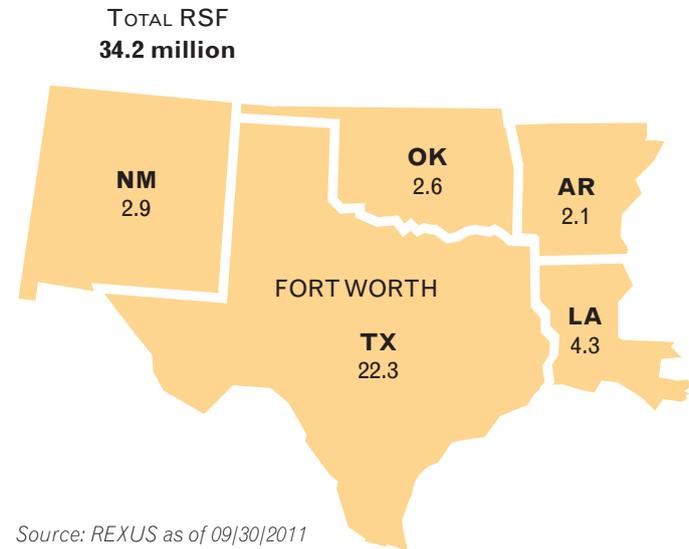
GREATER SOUTHWEST REGION

ACCOMPLISHMENTS

- The Greater Southwest region completed final repairs and alterations to the U.S. Custom House in New Orleans, Louisiana. The building suffered extensive damage from Hurricane Katrina in 2005. Through a series of renovations totaling \$65 million, the entire building is now fully functional and largely occupied by the Department of Homeland Security's Customs and Border Protection and the Audubon Insectarium. The Marble Hall is used for ceremonial events and filming.
- The region completed a repair & alteration project in the historic Post Office and U.S. Courthouse in Galveston, Texas damaged by Hurricane Ike. An adjacent building was constructed to relocate the service equipment above flood levels.
- In FY 2011, the region exceeded the outlay goals for the Recovery Act with a total of \$237 million and obligations of \$404 million. Some of the region's assets receiving funding via the Recovery Act include the Mickey Leland Federal Building in Houston, Texas, a new U.S. Courthouse in Austin, Texas and a new land port of entry in Columbus, New Mexico.

RENTABLE SQUARE FOOTAGE BY STATE

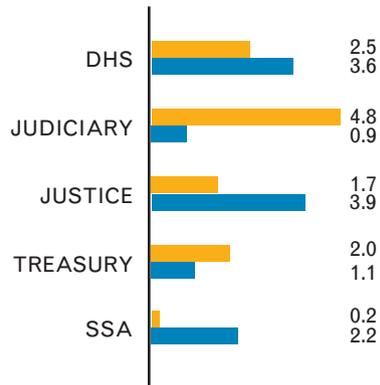
in millions



El Paso Courthouse, El Paso, TX

TOP 5 CUSTOMERS BY TOTAL RSF*

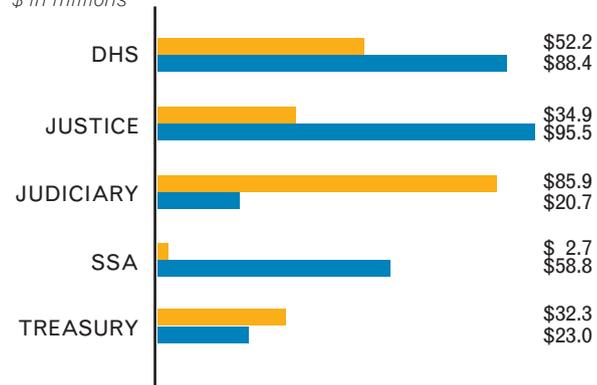
in millions



■ OWNED
■ LEASED

TOP 5 CUSTOMERS BY TOTAL ANNUAL RENT*

\$ in millions



*Source: BIS Report 9/30/11

TOP 5 MARKETS BY TOTAL RSF	RSF <i>in millions</i>		# OF ASSETS		DIRECT REVENUE <i>\$ in millions</i>		FFO <i>\$ in millions</i>	
	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED
DALLAS-FORT WORTH-ARLINGTON, TX	3.7	3.8	24	112	48.3	89.6	23.5	(2.2)
HOUSTON-SUGAR LAND-BAYTOWN, TX	1.7	1.5	9	82	31.8	36.1	14.3	(1.0)
NEW ORLEANS-METAIRIE-KENNER, LA	1.5	1.2	13	44	16.3	27.2	5.4	(0.6)
AUSTIN-ROUND ROCK-SAN MARCOS, TX	1.3	0.9	7	32	21.1	21.6	14.4	(0.8)
SAN ANTONIO-NEW BRAUNFELS, TX	0.5	1.4	4	47	6.4	26.7	0.2	(0.3)

Source: REXUS & InfoWizard FBF11 model as of 09/30/2011

R7

GREATER SOUTHWEST REGION

INITIATIVES

- In an effort to lead the way in the National Mobile Workspace Initiative, the PBS Regional Commissioner, Deputy Regional Commissioner and the Regional Border Executive have all moved into a single office. By housing these three executives together, this creates synergy in a more flexible and collaborative space with more ability to interact. As new space utilization standards are established in the near future, this office move will serve as a model to all regional employees and customer agencies as well.
- The region is also exploring the effects of office shutdowns on energy and green house gas emissions. In conjunction with the Mobile Workspace Initiative, the region began shutting down two complete floors every Friday for the experiment. Associates are encouraged to work in an alternative work environment in mobile work stations and conference rooms. The region hopes this will encourage mobility, flexibility and collaboration.

		OWNED	LEASED	TOTAL
PORTFOLIO*	# OF ASSETS	328	1,015	1,343
	# OF ASAs	1,692	1,339	3,031
	RSF <i>in millions</i>	16.9	17.3	34.2
	VACANCY RATE	6.7%	3.8%	5.2%
	FFO <i>\$ in millions</i>	122.2	(12.5)	109.7
	DIRECT REVENUE <i>\$ in millions</i>	271.5	393.8	665.3

		# OF ASSETS	RSF <i>in millions</i>
TIERING**	TIER 1	268	10.0
	TIER 2A	13	0.8
	TIER 2B	6	0.2
	TIER 3	87	6.0
CORE ASSETS†	CORE	351	15.9
	NON-CORE	43	1.1
	% CORE	89%	

LEASE EXPIRATIONS††	FY12	FY13	FY14	FY15+
# OF LEASES	192	116	126	576
RENT <i>\$ in millions</i>	39.7	36.1	30.6	253.4
RSF (LEASES) <i>in millions</i>	2.2	2.2	1.8	10.8

*Source: REXUS & InfoWizard FBF11 model as of 09/30/2011

** Source: FY 2012 Tiering Report (REXUS data as of 09/30/2011)

† Source: Asset Business Plan report 4th Quarter 2011

†† Source: REXUS as of 09/30/2011

SUSTAINABILITY GOALS & RECOVERY ACT

The Greater Southwest has several high profile programs being developed. These include:

- 13 major renewable energy projects including a 553Kv photovoltaic system located in the Federal Depot in Fort Worth, Texas. At the time of construction, this was the largest non-utility owned ground mounted solar array in the state of Texas, producing enough electricity for 50 average homes.
- The region now has 48 Energy Star buildings in the inventory and growing. There are also 13 buildings in the region participating in the LEED Existing Building Operations and Maintenance (EBOM) program which will bring existing structures up to LEED standards.
- The region also received over \$404 million in funding through the Recovery Act, and is leveraging Energy Savings Performance Contracts (ESPC) to increase the number of buildings impacted by the Recovery Act from 27 to 75. By leveraging ESPC contracts the region is projected to leverage \$47 million into \$68 million of actual project completions. These projects include Hipolito Garcia U.S. Courthouse in San Antonio, Texas and the construction of a new U.S. Courthouse in Austin, Texas.

LOOKING AHEAD

The Greater Southwest region is continuing to explore ways to reduce its space footprint through mobile and alternative work initiatives. The region is dedicated to succeeding on overall performance measures being rolled out across GSA. The focus for improvement continues to not only be in the region's inventory of buildings, but also its people through regular use of mobile work, certification training, and engagement efforts. There is a major emphasis on tracking and improving lease cycle time to better meet customer's needs. In FY 2012, the region will continue the design for a new U.S. Courthouse in San Antonio, Texas and complete repair/renovation of the historic Garcia Courthouse also in San Antonio. Construction will continue on a new U.S. Courthouse in Austin, Texas, the Leland Federal Building in Houston, Texas and a port of entry in Tornillo, Texas. All of these projects will include high performance green building features. Additionally work on two existing port of entries, located in Anzalduas, Texas and Brownsville, Texas will be completed in FY 2012 as a result of Recovery Act funding.

R8

ROCKY MOUNTAIN REGION

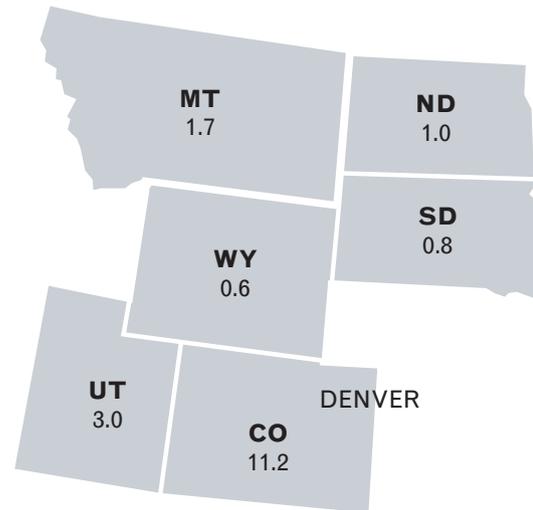
ACCOMPLISHMENTS

- The Rocky Mountain region completed a Recovery Act project for a state-of-the-art facility for the Department of State on the Denver Federal Center (DFC) in Colorado that will certify for a LEED Gold rating. Capitalizing on the opportunities provided by the DFC's campus setting, the design includes using native grasses and other xeriscape elements to create a building that blends with the Rocky Mountain landscape. The clean and natural appearance of the facility received positive attention that has guided development of new architectural standards for the DFC.
- In FY 2011, the region undertook efforts to modernize the 70-year old utility infrastructure on the DFC campus, home to 25 federal agencies and over 6,000 employees. Project highlights include installation of 14 miles of water distribution lines which complement the 3,000 square feet pump station and 500,000 gallon water storage reservoir. The region installed 17 miles of underground electrical distribution lines, 1.4 million square feet for paving improvements, 7 miles of sanitary sewer replacement and rehabilitation and reinforced concrete store water pipe. The project includes a large effort to properly handle and dispose of questionable soil materials in close coordination with the State of Colorado.

RENTABLE SQUARE FOOTAGE BY STATE

in millions

TOTAL RSF
18.3 million

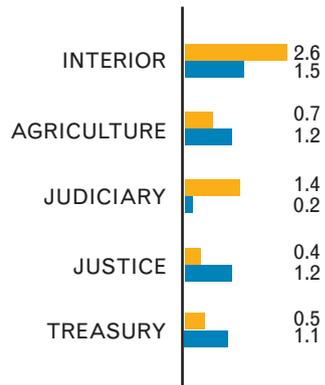


Source: REXUS as of 09/30/2011

- The region awarded the long-awaited construction contract for the Salt Lake City U.S. Courthouse in FY 2011. The project team worked to prioritize budget concerns and maintained the integrity of the design. The winning bid was \$26 million below the region's congressional funding request. The region broke ground on February 24, 2011 and has since made significant progress since.

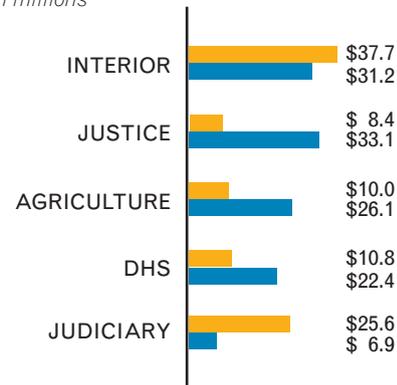
TOP 5 CUSTOMERS BY TOTAL RSF*

in millions



TOP 5 CUSTOMERS BY TOTAL ANNUAL RENT*

\$ in millions



■ OWNED
■ LEASED

*Source: BIS Report 9/30/11

TOP 5 MARKETS BY TOTAL RSF	RSF in millions		# OF ASSETS		DIRECT REVENUE \$ in millions		FFO \$ in millions	
	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED
DENVER-AURORA-BROOMFIELD, CO	5.5	3.6	51	95	78.6	97.0	36.3	(8.4)
SALT LAKE CITY, UT	0.5	0.9	3	39	8.2	18.3	3.4	0.2
OGDEN-CLEARFIELD, UT	0.7	0.7	3	17	5.6	15.2	2.8	0.1
FORT COLLINS-LOVELAND, CO	0.1	0.9	1	18	1.3	22.1	0.3	(0.1)
BILLINGS, MT	0.2	0.4	2	22	1.9	5.4	0.2	(0.0)

Source: REXUS & InfoWizard FBF11 model as of 09/30/2011

R8

ROCKY MOUNTAIN REGION

INITIATIVES

- The Rocky Mountain region introduced the Perfect Customer Experience (PCE) in FY 2011. The initiative is a cultural shift to change GSA's customer service and reputation and has developed into a robust program that features an employee recognition program, action teams to improve business processes, workshops to inspire employees, customer account teams to ensure consistency, and websites to foster collaboration. Through these and other tools, the Rocky Mountain Region has infused PCE into regional culture and it has proven contagious. PCE is now integrated in every region of GSA, using Global Project Management (gPM) principles.
- Through its mobility initiative, the region is exploring the interplay between furniture, information technology, and real estate to determine if its traditional notions of office space are now antiquated in today's fast-paced business environment. This initiative places a special emphasis on requirements development and change management, positioning GSA as a leader in organizational efficiency. Through this approach, the region achieved a 34 percent increase in efficiency on the second floor of Building 41 on the DFC campus. The space, now a mobility showroom, allows other agencies to visualize the new mobile work environment.

		OWNED	LEASED	TOTAL
PORTFOLIO*	# OF ASSETS	149	571	720
	# OF ASAS	903	833	1,736
	RSF <i>in millions</i>	9.5	8.8	18.3
	VACANCY RATE	10.3%	1.4%	6.0%
	FFO <i>\$ in millions</i>	33.6	(7.8)	25.7
	DIRECT REVENUE <i>\$ in millions</i>	135.3	212.6	347.9

		# OF ASSETS	RSF <i>in millions</i>
TIERING**	TIER 1	63	2.2
	TIER 2A	61	4.6
	TIER 2B	3	0.0
	TIER 3	37	2.7
CORE ASSETS†	CORE	98	8.3
	NON-CORE	69	1.3
	% CORE	59%	

LEASE EXPIRATIONS††	FY12	FY13	FY14	FY15+
# OF LEASES	82	79	45	323
RENT <i>\$ in millions</i>	23.3	17.4	12.2	147.0
RSF (LEASES) <i>in millions</i>	1.1	0.9	0.6	6.0

*Source: REXUS & InfoWizard FBF11 model as of 09/30/2011

** Source: FY 2012 Tiering Report (REXUS data as of 09/30/2011)

† Source: Asset Business Plan report 4th Quarter 2011

†† Source: REXUS as of 09/30/2011

SUSTAINABILITY GOALS & RECOVERY ACT

- The region installed the Pembina Wind Turbine on the land port of entry in North Dakota. The port is a 24 hour operation that consumes 1.64 kilowatt hours of electrical power annually. The new turbine will cover 76 percent of the port's electrical needs, saving taxpayer dollars. One of only two GSA wind energy projects in the nation it is expected to produce excess energy that will provide additional revenue through power purchase agreements with local energy providers.
- In FY 2011, the region began work on the Wayne N. Aspinall Federal Building and U.S. Courthouse in Grand Junction, Colorado. The project, a historic anchor in the community, provided the region opportunity to combine its goals of historic preservation and environmental sustainability. It has the potential to become the first net-zero building listed on the National Register of Historic Places (NRHP). Upgrades include variable refrigerant flow (VRF) for HVAC, a geoexchange system to manage building temperatures and high-efficient lighting systems.

LOOKING AHEAD

In FY 2012, the region will continue to work on the Byron White U.S. Courthouse in Denver, Colorado that will save millions of gallons of water and over half of the energy originally required for building operations. Preliminary energy savings of 60 percent each month are projected, exceeding targets. The U.S. Courthouse in Billings, Montana is on schedule for completion in the summer of 2012 and expected to achieve LEED Gold to become the first smart courthouse in the inventory. In addition to construction work, the region will partner with the Department of Interior in Billings, Montana with a special lease project that will consolidate four bureaus within one location. The project will begin site work in January 2012 with occupation planned in FY 2013.



U.S. Post Office and Forest Service Building, Missoula, MT

R9

PACIFIC RIM REGION

ACCOMPLISHMENTS

- The Pacific Rim region celebrated the completion of three major projects in FY 2011. These projects included a \$14 million renovation project at the C. Clifton Young Federal Building and U.S. Courthouse in Reno, Nevada, and the renovation and modernization of the Hilo Federal Building and U.S. Post Office in Hawaii. The modernization effort included significant improvements to the assets' energy efficiency and seismic systems and marked the first completion of the region's Recovery Act projects. The region also added a new pedestrian bridge at the San Ysidro land port of entry completed in April 2011.
- The region broke ground on two new building projects in FY 2011. The Pacific Rim region hosted groundbreaking ceremonies for the FBI Field Office Building in Kapolei, Hawaii and San Diego FBI Field Office in California. The Kapolei project is a build-to-suit lease that is part of a nationwide initiative dedicated to FBI's changes in mission and security standards. The San Diego project is expected to be a monumental LEED Gold campus designed to serve as a beacon of energy efficiency and sustainable design.
- The region was recognized for the Bruce R. Thompson U.S. Courthouse and Federal Building in Reno, Nevada and the Hawthorne Federal Building

RENTABLE SQUARE FOOTAGE BY STATE

in millions

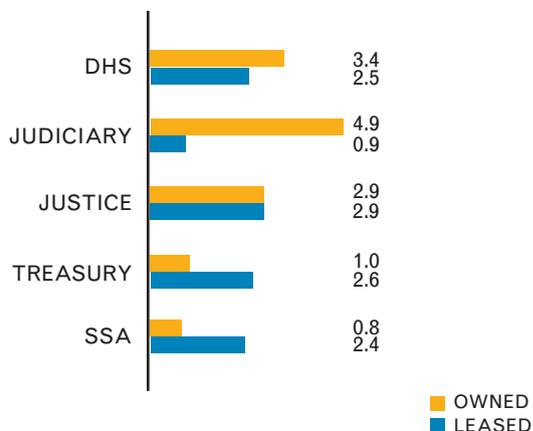


Source: REXUS as of 09/30/2011

in Los Angeles, California with the Outstanding Building of the Year award by local chapters of the Building Owners and Managers Association (BOMA). Each building was recognized for its superior building management and maintenance. Thompson was additionally lauded for its dedication to energy efficiency and sustainability.

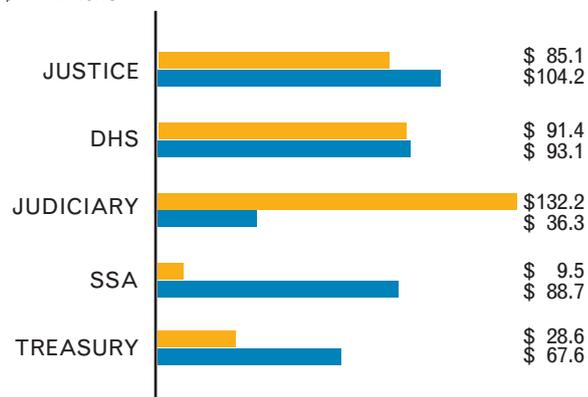
TOP 5 CUSTOMERS BY TOTAL RSF*

in millions



TOP 5 CUSTOMERS BY TOTAL ANNUAL RENT*

\$ in millions



*Source: BIS Report 9/30/11

TOP 5 MARKETS BY TOTAL RSF	RSF in millions		# OF ASSETS		DIRECT REVENUE \$ in millions		FFO \$ in millions	
	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED
LOS ANGELES-LONG BEACH-SANTA ANA, CA	5.7	3.2	17	170	138.5	109.7	85.8	(1.0)
SAN FRANCISCO-OAKLAND-FREMONT, CA	5.0	2.3	36	96	111.9	86.0	50.3	1.6
SAN DIEGO-CARLSBAD-SAN MARCOS, CA	1.3	1.8	17	78	34.3	65.9	20.2	0.7
PHOENIX-MESA-SCOTTSDALE, AZ	0.8	1.5	3	65	21.0	44.9	12.9	(0.1)
SACRAMENTO-ARDEN-ARCADE-ROSEVILLE, CA	1.4	0.9	7	48	25.6	30.2	16.4	0.5

Source: REXUS & InfoWizard FBF11 model as of 09/30/2011

R9

PACIFIC RIM REGION

INITIATIVES

On May 23, 2011, the Pacific Rim launched its "Where Customers Come First" (WCCF) Channel 9. Through a fun and entertaining video that was written and performed by talented employees, the Perfect Customer Experience initiative was introduced. Since then, WCCF Channel 9 continues to engage regional employees with music videos, television series, the 1st Semi-Annual People's Choice Awards Ceremony as well as a WCCF training video. Channel 9 is a viable tool that underscores the notion of improving internal and external customer experience to the region's employees.

SUSTAINABILITY GOALS & RECOVERY ACT

- The Hilo Federal Building and U.S. Post Office in Hawaii is the region's first completed Recovery Act project. Restored skylights and a new HVAC system are a few of the core projects in the building that increases efficiency and reduces energy consumption.
- The 300 North Los Angeles Street asset houses the region's first green cafeteria which will be completed in FY 2012. The project is expected to achieve LEED platinum.
- The John M. Roll U.S. Courthouse in Yuma, Arizona, which broke ground in FY 2011, will feature a photovoltaic canopy that will generate

		OWNED	LEASED	TOTAL
PORTFOLIO*	# OF ASSETS	157	1,013	1,170
	# OF ASAs	1,050	1,425	2,475
	RSF <i>in millions</i>	17.8	16.8	34.6
	VACANCY RATE	7.4%	1.3%	4.4%
	FFO <i>\$ in millions</i>	229.1	1.3	230.4
	DIRECT REVENUE <i>\$ in millions</i>	443.4	556.1	999.4

		# OF ASSETS	RSF <i>in millions</i>
TIERING**	TIER 1	122	14.6
	TIER 2A	1	0.2
	TIER 2B	12	1.3
	TIER 3	30	1.7
CORE ASSETS†	CORE	164	17.8
	NON-CORE	5	0.1
	% CORE	97%	

LEASE EXPIRATIONS††	FY12	FY13	FY14	FY15+
# OF LEASES	173	152	118	636
RENT <i>\$ in millions</i>	67.9	66.5	55.2	328.9
RSF (LEASES) <i>in millions</i>	2.6	2.1	1.7	10.3

*Source: REXUS & InfoWizard FBF11 model as of 09/30/2011

** Source: FY 2012 Tiering Report (REXUS data as of 09/30/2011)

† Source: Asset Business Plan report 4th Quarter 2011

†† Source: REXUS as of 09/30/2011

a quarter of the facility's energy needs and expected to achieve LEED Gold certification.

- The San Ysidro land port of entry (LPOE) is the largest project in the region and will include solar panels, solar hot water, low flow fixtures and drought resistant landscaping. The LPOE is expected to achieve LEED Platinum.
- In true collaboration, the region partnered with the FBI and Southern California Edison, a utility company, for the Office of the Future. In support of EO 13514, advanced fixtures and lighting control technology will be used in conjunction with an energy dashboard to monitor and analyze energy use by area. The goal is to reduce energy consumption a minimum of 25 percent above California's building energy standards.



Federal Building and Post Office, Hilo, HI

LOOKING AHEAD

The Pacific Rim region will continue to strive to surpass past year goals, enhance communication and collaboration amongst regional associates through Global Project Management (gpM), implement sustainable practices and keep a focus on excellent customer service. The region looks forward to the completion of more large-scale projects, such as the work at 300 North Los Angeles Federal Building, a Recovery Act project, the Bakersfield Courthouse and 630 Sansome Street, which is a realignment project to house the consolidation of ICE/DHS operations in San Francisco. In the area of sustainability, the region will stay on track with all the national initiatives to reduce the federal government's foot print as demonstrated by emphasis on energy and waste reduction type projects in the region's Repair and Alterations and Capital programs. The Pacific Rim region continues to focus on aggressively taking the lead on implementing "workplace of the future"; mobile and collaborative work environments at the regional headquarters in San Francisco. The program has been implemented to help promote long-term sustainability planning and collaboration in the region.

R10

NORTHWEST/ARCTIC REGION

ACCOMPLISHMENTS

- The Northwest Arctic Region continued work on its Recovery Act projects, including the modernization of the Edith Green Wendell Wyatt (EG/WW) Federal Building in Portland, Oregon. The modernization of this facility will be the proving ground for cutting edge sustainability technologies, including rooftop solar arrays, optically-enhanced auto light systems, rainwater reuse for irrigation, and modernized elevators that regenerate power when they descend. Additionally, the backfill of the EG/WW Federal Building and favorable lease consolidations in Portland allows the region to further implement our local portfolio plan developed in 2008.
- The region's flagship Recovery Act and sustainability project continued at the Federal Center South complex in Seattle, Washington. This project integrates innovative technologies, mechanical systems and building systems in the design and construction of the U.S. Army Corps of Engineers' (COE) future workplace. The relocation of COE into new owned space renovated from warehouse allows for future opportunities to modernize the existing 1201 building, thereby increasing future owned capacity and space consolidations in the Seattle area.
- Successful resolution and new lease awards will allow for the relocation of the Immigration & Customs Enforcement (ICE) and the U.S. Citizenship & Immigration Services (USCIS) offices from the 511 Building in Portland, Oregon. This supports

RENTABLE SQUARE FOOTAGE BY STATE

in millions



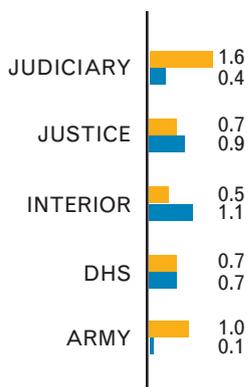
Source: REXUS as of 09/30/2011

the region's strategy to proceed with the disposal process and divest of this underperforming asset.

- In support of the June 2010 Presidential memo, the region moved forward with the disposal of several underutilized and underperforming Government owned properties such as the 511 Building and the Customs House Building in Portland, Oregon; the Federal Building USPO & Courthouse in Moscow, Idaho; and the Nome Federal Building in Nome, Alaska. The Nome Federal Building sold for \$1.86 million, more than three times the estimate.

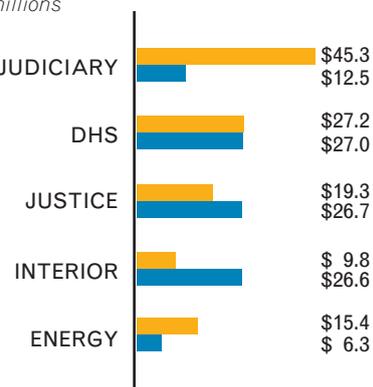
TOP 5 CUSTOMERS BY TOTAL RSF*

in millions



TOP 5 CUSTOMERS BY TOTAL ANNUAL RENT*

\$ in millions



■ OWNED
■ LEASED

*Source: BIS Report 9/30/11

TOP 5 MARKETS BY TOTAL RSF	RSF <i>in millions</i>		# OF ASSETS		DIRECT REVENUE <i>\$ in millions</i>		FFO <i>\$ in millions</i>	
	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED
SEATTLE-TACOMA-BELLEVUE, WA	4.2	2.2	25	100	65.7	71.3	40.8	(4.6)
PORTLAND-VANCOUVER-HILLSBORO, OR-WA	1.8	1.4	9	58	33.2	36.6	24.5	(5.3)
ANCHORAGE, AK	0.6	0.8	5	45	15.2	22.4	8.6	(1.4)
BOISE CITY-NAMPA, ID	0.2	0.6	1	28	3.8	11.3	2.1	(0.4)
KENNEWICK-PASCO-RICHLAND, WA	0.3	0.3	1	15	5.3	6.7	2.9	(0.3)

Source: REXUS & InfoWizard FBF11 model as of 09/30/2011

R10

NORTHWEST/ARCTIC REGION

INITIATIVES

- The region established two mobile workplace pilots by immersing its workforce in living laboratories that explore the mobile work environment. The Greater Puget Sound Service Center and the Auburn headquarters building have mobile areas that accommodate 50 employees in a variety of work environments equipped with flexible furniture, wireless mobile technology and void of desk phones in favor of VOIP computer phones. The pilots are being used to learn from the experience and as visible example to show customers. The Auburn headquarters pilot increased space efficiency over the old configuration by 34 percent.
- The region is conducting a series of customer outreach and educational webinars providing customers opportunities to interact with regional subject matter experts ask questions. The training is well attended and customers have expressed positive feedback and appreciation to the region for providing the training.

SUSTAINABILITY GOALS & RECOVERY ACT

- The Northwest/Arctic Region continues to move forward with the implementation of a number of sustainability initiatives including training to raise the region's knowledge base. A total of

		OWNED	LEASED	TOTAL
PORTFOLIO*	# OF ASSETS	102	544	646
	# OF ASAs	693	718	1,411
	RSF <i>in millions</i>	9.1	6.6	15.7
	VACANCY RATE	11.0%	1.3%	7.0%
	FFO <i>\$ in millions</i>	104.5	(17.2)	87.3
	DIRECT REVENUE <i>\$ in millions</i>	173.1	183.7	356.8

		# OF ASSETS	RSF <i>in millions</i>
TIERING**	TIER 1	38	5.0
	TIER 2A	34	1.8
	TIER 2B		
	TIER 3	32	2.4
CORE ASSETS†	CORE	86	8.3
	NON-CORE	21	1.1
	% CORE	80%	

LEASE EXPIRATIONS††	FY12	FY13	FY14	FY15+
# OF LEASES	118	71	61	283
RENT <i>\$ in millions</i>	35.6	15.6	13.8	102.2
RSF (LEASES) <i>in millions</i>	1.3	0.7	0.6	3.6

*Source: REXUS & InfoWizard FBF11 model as of 09/30/2011

** Source: FY 2012 Tiering Report (REXUS data as of 09/30/2011)

† Source: Asset Business Plan report 4th Quarter 2011

†† Source: REXUS as of 09/30/2011

70 GSA associates are applying to be LEED Green Associates and LEED Accredited Professionals.

- The region has 4 owned and 9 leased LEED certified buildings and 9 enrolled for certification in the LEED Existing Buildings Volume Certification program.
- The region completed 20 Recovery Act projects for approximately \$37 million. These projects included mechanical, electrical, and plumbing upgrades with specific attention to replacing boilers, chillers, building automation systems (BAS), lighting systems, and installing metering. In addition, the Portland Eastside project included a green roof that utilized new on-side cistern of watering, the installation of a biomass boiler in Ketchikan, Alaska, and 74,844 square feet photovoltaic array at the Federal Center South Building.

LOOKING AHEAD

The region will continue to increase awareness of mobile work environments in an effort to improve the efficiency of work spaces and productivity. The region has and will continue to engage customers with mobile workplace solutions including the Fish & Wildlife Service and Department of Health & Human Services. These strategies will help the Northwest Arctic Region and its customers to right size the portfolio and support the June 2010 President's memo to reduce underutilized space and decrease reliance on traditional office space.



Peace Arch Land Port of Entry, Blaine, WA



Wayne L. Morse Courthouse, Eugene, OR

R11

NATIONAL CAPITAL REGION

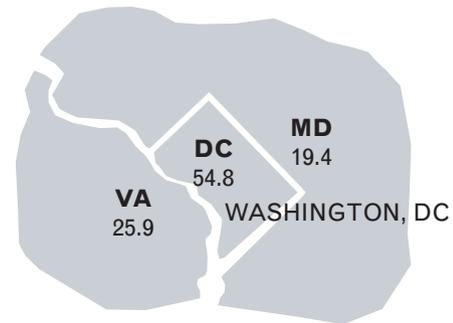
ACCOMPLISHMENTS

- The National Capital region (NCR) began the GSA headquarters modernization project which will include high performance green building initiatives, improvement of building circulation, maximization of space flexibility, utilization of smart building technology and an open office plan with a variety of mobile work styles. The region is already experimenting with a variety of experimental mobile work areas in the GSA headquarters buildings as well as the regional headquarters building. The space allows the region to communicate the benefits of various types of work environments to its customers.
- Construction continued on the St. Elizabeths site in Washington, DC for the U.S. Coast Guard headquarters. The campus is a National Historic Landmark and GSA will preserve and reuse 51 of the 62 contributing buildings on site. The main building is already under construction and will feature 400,000 square feet in green roofs. The project is utilizing a cogeneration facility that will utilize waste heat to provide hot and cold water for heating and cooling and innovative water retention features that will absorb all rainfall from up to a 15-year storm event. The goal for the entire project is to achieve Gold LEED certification.

RENTABLE SQUARE FOOTAGE BY STATE

in millions

TOTAL RSF
100.0 million

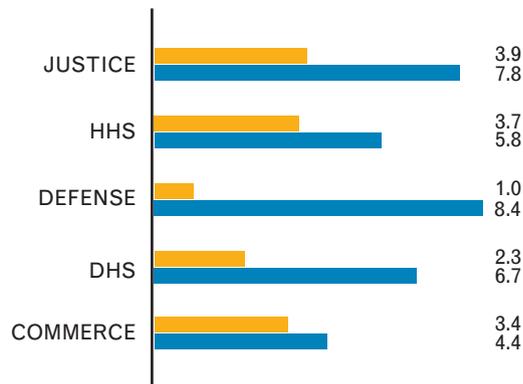


Source: REXUS as of 09/30/2011

- The Ariel Rios Federal Building, a National Historic Landmark, constructed in 1934, earned a rating of 88 out of 100 on its way toward the Energy Star Certification. This is a remarkable achievement for such a large, historic building that was modernized before GSA's LEED Gold and Energy Star certification requirements were established.

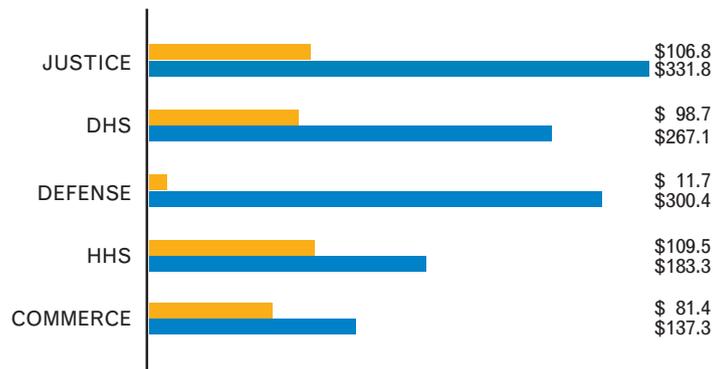
TOP 5 CUSTOMERS BY TOTAL RSF*

in millions



TOP 5 CUSTOMERS BY TOTAL ANNUAL RENT*

\$ in millions



■ OWNED
■ LEASED

*Source: BIS Report 9/30/11

TOP MARKET BY TOTAL RSF	RSF <i>in millions</i>		# OF ASSETS		DIRECT REVENUE <i>\$ in millions</i>		FFO <i>\$ in millions</i>	
	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED	OWNED	LEASED
WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV	42.3	57.7	196	580	939.1	2,045.0	520.6	(22.8)

Source: REXUS & InfoWizard FBF11 model as of 09/30/2011

R11

NATIONAL CAPITAL REGION

INITIATIVES

- NCR has formed a team to develop opportunities related to Transit Oriented Development (TOD). The team has developed a Memorandum of Understanding (MOU) with the Washington Metropolitan Area Transit Authority (WMATA) to work together to identify possible sites for TOD, and has begun work to identify candidate customers. Development and execution of a TOD project will allow GSA to consolidate customer real estate footprint as well as transform employee workspaces in more energy efficient space.
- The Recovery Act effort has provided work for 153 small and large businesses, 15,000 families, and countless federal workers. Most of the program involves sustainability and green building technology projects. Over 5,400 identifiable individuals, of all skill levels and trades, have contributed to the highly environmental and sustainable capital enhancements of the nation's capital. These jobs and the \$1.4 billion value of this effort will continue to impact the economy as it generates second and third tier jobs in the local community.

		OWNED	LEASED	TOTAL
PORTFOLIO*	# OF ASSETS	198	583	781
	# OF ASAs	477	1,008	1,485
	RSF <i>in millions</i>	42.3	57.7	100.0
	VACANCY RATE	6.1%	2.4%	4.0%
	FFO <i>\$ in millions</i>	595.8	(16.3)	579.5
	DIRECT REVENUE <i>\$ in millions</i>	1100.5	2125.9	3226.4

		# OF ASSETS	RSF <i>in millions</i>
TIERING**	TIER 1	121	21.8
	TIER 2A	16	6.6
	TIER 2B	40	10.4
	TIER 3	30	6.4
CORE ASSETS†	CORE	193	42.4
	NON-CORE	60	3.7
	% CORE	76%	

LEASE EXPIRATIONS††	FY12	FY13	FY14	FY15+
# OF LEASES	164	141	136	345
RENT <i>\$ in millions</i>	320.3	267.7	252.7	1024.5
RSF (LEASES) <i>in millions</i>	9.9	8.0	8.3	29.1

*Source: REXUS & InfoWizard FBF11 model as of 09/30/2011

** Source: FY 2012 Tiering Report (REXUS data as of 09/30/2011)

† Source: Asset Business Plan report 4th Quarter 2011

†† Source: REXUS as of 09/30/2011

SUSTAINABILITY GOALS & RECOVERY ACT

- The 3 million square foot Ronald Reagan Building/International Trade Center is one of 2 government sites that are participating in a pilot program to implement a new ISO 50000 Standard that will be used globally to institutionalize a continuous improvement program for energy conservation. The building is also enrolled in the Demand Response/EnerNOC program to alleviate strain on the electric grid in the Region. Voluntary energy curtailment at the building has had a significant impact on its energy consumption, saving about \$35,000 per month.
- Recovery Act funds for the Department of Interior Headquarters modernization enabled the region to do 65,000 square feet of green and highly reflective roofs for the entire building, along with light harvesting and low flow water devices. This will result in overall energy and water usage reductions of over 20 percent. The Herbert C Hoover Building project will replace new cooling towers, installation of high-efficiency variable speed motors and pumps, new wall and attic insulation, and a computerized energy-management system for all lighting. The building will be one of the largest LEED Gold properties in the world upon completion.

LOOKING AHEAD

The National Capital region declared excess and began the process of disposing of the West Heating Plant that is part of the D.C. Heating Operating and Transmission District (HOTD) operations. This National Historic Landmark located near Georgetown will return significant revenue to the Federal Buildings Fund (FBF) when disposed. The region is also preparing to complete a repositioning of the Old Post Office using Section 111 of the National Historic Preservation Act. NCR intends to complete a lease agreement for the landmark with the private sector. This will involve substantial investment in the building while also removing the current liability to the government and U.S. taxpayer through a direct leasehold interest. When implemented, this will also allow GSA to receive an annual lease payment as part of the transaction.



LaFayette Park, Washington, DC

ACRONYMS

AGENCIES AND DEPARTMENTS

Agriculture	Department of Agriculture
Army	United States Army
ACoE	Army Corps of Engineers
Commerce	Department of Commerce
DOD	Department of Defense
DHS	Department of Homeland Security
GSA	General Services Administration
HHS	Health and Human Services
Interior	Department of the Interior
Judiciary	Federal Judiciary
DOJ	Department of Justice
PMO	Program Management Office
PBS	Public Buildings Service
SSA	Social Security Administration
Treasury	Department of the Treasury
VA	Veterans Administration

TERMS

ASA	Agency Space Assignment
CAR	Current Annual Rent
CBSA	Core Business Statistical Area
EISA	Energy Independence and Security Act
FBF	Federal Buildings Fund
FCI	Facility Condition Index
FFO	Funds From Operations
FRV	Functional Replacement Value
FY	Fiscal Year
G&A	General and Administrative
GSF	Gross Square Footage
HPGB	High-Performance Green Buildings
LEED	Leadership in Energy & Environmental Design
LPOE	Land Port of Entry
NOI	Net Operating Income
O&M	Operations and Maintenance
PCS	Physical Condition Survey
R&A	Repairs and Alteration
Recovery Act	American Recovery and Reinvestment Act
ROE	Return on Equity
RSF	Rentable Square Feet
REXUS	Real Estate Across the United States



U.S. Courthouse Annex, Orlando, FL

SOURCES

- *# of buildings, rsf, and # of ASAs from REXUS as of 9/30/11*
- *Vacancy rates from 9/11 Vacant Space Report*
- *Direct revenue and ffo from InfoWizard FBF11 model*
- *Tiering results from Portfolio Analysis Division, Office of Real Estate Portfolio Management*
- *# of leases (total and extended) from REXUS as of 9/30/11 and represent all leases that are active or active pending change*

CREDITS

PBS Office of Portfolio Management

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Photography: Carol Highsmith, Taylor Lednum and Walter Smalling



U.S. General Services Administration

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